# Daily Report China

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2 September 1987

# **INTERNATIONAL AFFAIRS**

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#### General

# Foreign Ministry News Conference

Qi Huaiyuan's Iran Visit OW021018 Beijing XINHUA in English 1012 GMT 2 Sep 87

[Text] Beijing, September 2 (XINHUA) — A Chinese Foreign Ministry spokesman said today that China's Vice Foreign Minister Qi Huaiyuan's visit to Iran is useful in promoting implementation of the U.N. Security Council Resolution 598.

Speaking at a press briefing here this afternoon, the spokesman said that as a special envoy of the Chinese Government, Qi visited Iran August 25-26.

He said that Qi had a sincere and friendly exchange of views with Iranian leaders on relaxing the Gulf tension and ending the Iran-Iraq war.

"The visit by special envoy Qi Huaiyuan served as a coordination with the ongoing mediation and good offices of the U.N. secretary general and is useful in urging the comprehensive implementation of the U.N. Security Council Resolution 598 by the parties concerned," the spokesman added.

Views Iran-Iraq War OW021102 Beijing XINHUA in English 1056 GMT 2 Sep 87

[Text] Beijing, September 2 (XINHUA) — China follows closely the aggravation of the situation in the Gulf and sincerely hopes that the parties concerned will exercise restraint instead of further aggravating the situation, said a Chinese Foreign Ministry spokesman at this afternoon's weekly news briefing.

The spokesman noted that China holds that the 598 Resolution adopted by the U.N. Security Council is fair and reasonble, adding that it hopes that the parties concerned will coordinate with the U.N. secretary general to create a suitable environment and atmosphere for the comprehensive implemtation of the resolution.

On the Iran-Iraq war, he said, China has always taken a position of strict neutrality and active reconciliation.

China has actively participated in the discussion in the Security Council of the U.N. on the Resolution 598 and has made unremitting efforts to take active measures for an early end of the Iran-Iraq war and relaxation of the Gulf situation, the spokesman said.

Gulf, Arms Sales to Iran
HK021101 Hong Kong ZHONGGUO XINWEN SHE
in Chinese 1016 GMT 2 Sep 87

[Text] Beijing, 2 Sep (ZHONGGUO XINWEN SHE)— In Beijing today, Chinese Foreign Ministry spokesman Ma Yuzhen said that the purpose of Chinese Vice Foreign Minister Qi Huaiyuan's recent visit to Iran was to supplement the UN secretary general's ongoing mediation efforts.

Qi Huaiyuan, China's special envoy and vice foreign minister, visited Iran on 25 and 26 August.

Ma Yuzhen revealed that Qi Huaiyuan and Iranian leaders had a sincere exchange of views on how to ease the tension in the Gulf and how to end the Iran-Iraq war. He said that this visit was useful in promoting implementation of UN Security Council Resolution 598.

Today, Ma Yuzhen again expressed concern over the recent tense situation in the Gulf. He said that China sincerely hopes that the relevant parties will show restraint and try to provide a suitable environment or atmosphere for implementation of the UN resolution.

The spokesman also reiterated China's stand regarding the Iran-Iraq war and expressed anger about people repeatedly spreading the rumor that China is selling arms to Iran. He said: "I do not know the purpose of these people in doing so."

USSR, Cambodia

OW020931 Beijing XINHUA Domestic Service in Chinese 0827 GMT Sep 87

[Text] Beijing, 2 Sep (XINHUA) — At a press briefing this afternoon, a Chinese Foreign Ministry spokesman said that the statement issued by the Soviet Foreign Ministry on 31 August supporting the "national reconciliation" plan put forward by Phnom Penh indicates that the Soviet Union has not changed its stand of supporting Vietnam's aggression against Cambodia.

The spokesman made these remarks in response to a reporter's question on the response of the Chinese Government to the Soviet Foreign Ministry statement.

The spokesman said: Everyone knows that the key to the political settlement of the Cambodian issue lies in Vietnam's total withdrawal of its troops from Cambodia as soon as possible. The so-called "national reconciliation" plan evades this fundamental issue and attempts to impose Vietnam's occupation of Cambodia on the Cambodian people and the international community as a fait accompli in order to legalize Vietnam's aggression. The Soviet Foreign Ministry statement supporting the plan shows that the Soviet Union has not changed its stand of supporting Vietnam's aggression against Cambodia.

Japan, Mounument Vandals
HK021028 Hong Kong ZHONGGUO XINWEN SHE
in Chinese 0845 GMT 2 Sep 87

[Text] Beijing, 2 Sep (ZHONGGUO XINWEN SHE) — Chinese Foreign Ministry spokesman Ma Yuzhen said here today that China hopes that the Japanese Government will pay great attention to the recent incidents in Japan that have undermined Sino-Japanese friendship, quickly resolve the cases, and severely punish the people involved.

Ma Yuzhen was referring to the incident that happened on 31 August in which the Sino-Japanese Friendship Monument in Gifu City of Japan was smeared with red paint.

The spokesman also said that a few days before the incident occurred, some people with ulterior motives had distributed some forged "Invitation Cards of the Chinese Embassy In Japan." Ma Yuzhen stressed that since the beginning of this year, several consecutive incidents that have undermined Sino-Japanese friendship have occurred in Japan. Over the past 3 months, three attempts have been made to destroy the Sino-Japanese Friendship Monument. All people who support and safeguard Sino-Japanese friendship are indignant at these base acts aimed at undermining Sino-Japanese friendship.

Ma Yuzhen said that the Chinese Government hopes that the Japanese Government will adopt resolute and forceful measures to prevent such incidents from recurring in the future.

Jordan's Minister to Visit
OW021100 Beijing XINHUA in English 1037 GMT
2 Sep 87

[Text] Beijing, September 2 (XINHUA) — Minister of Foreign Affairs Taher al-Masri of the Hashemite Kingdom of Jordan will pay an official visit to China from September 4 to 10 at the invitation of Chinese State Councillor and Foreign Minister Wu Xueqian.

This was announced by a Chinese Foreign Ministry spokesman at this afternoon's weekly newsbriefing.

Meanwhile, the spokesman said, at the invitation of the Chinese Government, a delegation of the seven-member committee of the Arab League led by Foreign Minister al-Masri will arrive here September 4 for a visit.

The spokesman also announced that at the invitation of the National People's Congress of China, a delegation of the Parliament of the Republic of Trinidad and Tobago headed by Nizam Mohammed, speaker of the House of Representatives, and a delegation of the House of Representatives of Jamaica headed by James Alexander George Smith, leader of government business in the house and minister of labor will both arrive here September 6 for goodwill visits to China.

Colombian Leader to Visit
OW020742 Beijing XINHUA in English 0739 GMT
2 Sep 87

[Text] Beijing, September 2 (XINHUA) — President Virgilio Barco Vargas of the Republic of Colombia will pay a state visit to China from 10 to 14 of September at the invitation of Chinese President Li Xiannian.

This was announced by a Chinese Foreign Ministry spokesman at this afternoon's weekly news briefing.

Chen Muhua Meets World Bank Party OW010812 Beijing XINHUA in English 0802 GMT 1 Sep 87

[Text] Beijing, September I (XINHUA) — Chen Muhua, state councillor and governor of the People's Bank of China, met here tody Moeen A. Qureshi, senior vice president of the World Bank, and his party.

Chen exchanged views with the visitors on cooperation between the World Bank and China's financial institutions.

Li Peng Meets UNESCO Chief OW011146 Beijing XINHUA in Englsih 1133 GMT 1 Sep 87

[Text] Beijing, September 1 (XINHUA) — Chinese Vice-Premier Li Peng said here today China is willing to expand its cooperation with the United Nations Educational, Scientific and Cultural Organization (UNESCO).

Li made the remark at a meeting with Amadou-Mahtar Mbow, director-general of the UNESCO, and his party.

Li, also minister in charge of the State Education Commission, expressed his appreciation of the UNESCO's promotion of educational, scientific and cultural cooperation in the international community and its contributions to the development of the Third World countries since it was established over 40 years ago.

Mbow said the UNESCO has expanded its activities in China in recent years. He expressed the hope that the two sides will further implement the memorandums they have signed for further cooperation.

Present on the occasion was Yang Haibo, vice-minister of the State Education Commission and chairman of the Chinese Commission of UNESCO.

#### United States & Canada

Wu Xueqian Meets With Kissinger OW011446 Beijing XINHUA in English 1437 GMT 1 Sep 87

[Text] Beijing, September 1 (XINHUA) — "Remarl able changes have taken place in Sino-U.S. relations since Henry Kissinger first visited China 16 years ago," Chinese Foreign Minister Wu Xueqian said here this evening.

"Over time, people have become more aware of the far-reaching significance of major policy decisions made by Chinese and American leaders 15 years ago," Wu added.

Speaking at a dinner in honor of Kissinger in the Diaoyutai State Guesthouse, Wu said, "achievements in Sino-U.S. relations have not come eas'ly, so we should treasure, cherish and enhance them."

Wu, also a state councillor, said, difficulties and obstacles still exist, but the past 15 years have shown so long as the Chinese and U.S. sides strictly abide by the

principles set forth in their three joint communiques, the difficulties and obstacles can be eliminated, and Sino-U.S. relations will progress on a sustained, steady and healthy course.

Describing Kissinger as "an old friend of the Chinese people," the foreign minister said the former U.S. secretary of state has devoted much attention and energy to the normalization of Sino-U.S. relations and the promotion of their steady development.

Noting that Kissinger and other American friends took the initiative to establish the America-China Society, Wu said, this is another pioneering act which has enhanced the mutual understanding and friendship between the Chinese and American peoples and promoted the smooth development of Sino-U.S. relations.

Kissinger said he was pleased to be here for his 14th visit to China and is impressed by China's continuity of foreign policy.

He also said he appreciated the courage and imagination the Chinese people have shown in their national construction.

Kissinger and his wife arrived here this afternoon as guests of the Chinese Foreign Ministry.

Chinese leaders Deng Xiaoping and Zhao Ziyang will meet with Kissinger during his stay in Beijing, and Kissinger will give a speech on foreign affairs in the Great Hall of the People September 3.

List of Returnee Students Issued
HK011141 Hong Kong ZHONGGUO XINWEN SHE
in Chinese 0843 GMT 31 Aug 87

[Text] Washington, 30 Aug (ZHONGGUO XINWEN SHE) — Ni Mengxiong, educational attache with the rank of minister of the Chinese Embassy in the United States, today confirmed that as requested by the U.S. Government, China provided on 2 March this year to the U.S. Information Agency a name list of 1,589 Chinese students who came to the United States with J-1 visas before 12 July 1984 and who were once sponsored by the Chinese Government. According to U.S. law, after studying in the United States, these people should return home to serve their own country for at least 2 years.

Ni Mengxiong confirmed this in an exclusive interview with our reporter. In view of recent reports on this event by some newspapers, he disclosed to the reporter the cause and effect of the "name list."

The United States enacted a law in 1946 on the "list of skills needed" which explicitly stipulates that all foreign students and scholars with J-1 visas, whether sponsored by their home countries or by the United States, must return home and serve their own countries for at least 2 years after studying in the United States if their professions are listed in the "list of skills needed" set by their home countries.

Most Chinese students and scholars dispatched by the Chinese Government to study in the United States now hold J-1 visas and are therefore restricted by this law. However, as the "list of skills needed" provided by the Chinese Government to the U.S. Government became effective on 12 July 1984, the U.S. side holds that Chinese students who came to the United States with J-1 visas before this date and who are sponsored by neither the Chinese nor U.S. Government are not restricted by this law.

In order to know clearly who was once sponsored by the Chinese Government, the two sides contacted each other many times. Huang Xinbai, member of the State Education Commission of China, and Stone, deputy director of the U.S. Information Agency, met and signed a memorandum in November last year. In the memorandum, the Chinese side undertakes to provide by stages and in groups to the U.S. side name lists of Chinese students now in the United States who came to the United States with J-1 visas before 12 July 1984 and who were once sponsored by the Chinese Government. The 1,589 persons on the abovementioned list are the first group.

Ni Mengxiong showed the reporter the original text of the U.S. law enacted in 1946, the memorandum signed by Huang Xinbai and Stone, and the press communique on talks held between He Dongchang, vice minister of the State Education Commission of China, and Stone in June this year. In the communique, the U.S. side holds that the U.S. law that all foreign students must return home to serve their own countries for at least 2 years after studying in the United States is applicable to all foreign students. Ni Mengxiong stressed that China provided the list at the request of the U.S. side and in accordance with the U.S. law.

Before that, the U.S. side time and again said that the purpose of accepting and training foreign students and scholars in the United States is to provide them with skills and knowledge that they can apply after returning to their home countries and to provide them with an opportunity to understand the United States and its culture. If foreign students do not return home to serve their own countries after completing their study in the United States, the United States could not achieve the purpose of conducting international exchanges.

Ni Mengxiong emphatically pointed out that the Chinese Government hopes that Chinese students in the United States, particularly those dispatched by the Chinese Government, would promptly return home after completing their study in the United States. It is reasonable that those dispatched by the Chinese Government should return to the motherland to take part in the modernization drive. He believed that this is also the desire of most Chinese students now in the United States.

#### Northeast Asia

Deng Liqun Meets Japanese Officials OW012032 Beijing XINHUA in English 1538 GMT 1 Sep 87

[Text] Beijing, September 1 (XINHUA) — Deng Liqun, member of the Secretariat of the Chinese Communist Party Central Committee and advisor to the China Enterprise Management Association (CEMA), met here today Shoichi, Moroguchi director-general of the Japan-China Economy and Trade Association of Japan, and his party.

They exchanged views on enterprise management and professional training.

After the meeting, Deng gave a dinner for the guests.

Present was Yuan Baohua, vice-minister of China's State Economic Commission and CEMA president.

Japan Holds to Kokaryo Stance OW011628 Beijing XINHUA in English 1528 GMT 1 Sep 87

[Text] Tokyo, September 1 (XINHUA) — Japan's Government today again said it will not intervene unless asked by the judiciary in a court case of the Kokaryo student dormitory in Kyoto.

Prime Minister Yasuhiro Nakasone's cabinet said it is "not appropriate" for it to become involved unless asked to do so by the judiciary in the cabinet's written reply to a question from Tomio Sakagami, member of the opposition Socialist Party in Japan's Diet (parliament).

A legal provision empowering Japan's justice minister to state the government position in important litigation affecting the state or the public interest should only be invoked at the request of the judiciary, the reply stated.

Nakasone's government cited the the constitutional separation with the judicial branch for its refusal to become involved in a matter now before Japan's Supreme Court.

The government can state a public position in a case affecting the public interest.

Ownership of the Kokaryo dormitory has been in dispute since China and Japan normalized their relations in 1972.

The five-storey dormitory was bought with money from China after World War II and was used by Chinese students in the western Japanese city.

China has urged Japan's Government to reverse a February decision of an Osaka high court giving the dormitory to Taiwan. China is appealing the decision before Japan's Supreme Court.

Observers here believe that Japan's Government did not state clearly in its reply if the Kokaryo case affects state or public interest but shirks its responsibilities towards the case which has a major impact on relations between China and Japan.

# Southeast Asia & Pacific

# **DK Delegation Continues Visit**

**Issues Statement** 

OW020802 Beijing XINHUA in English 0756 GMT 2 Sep 87

[Text] Beijing, September 2 (XINHUA) — The delegation from Democratic Kampuchea [DK] led by Samdech Norodom Sihanouk issued a statement here today, expressing the determination of the coalition government and three resistance forces of Democratic Kampuchea to unite and fight against Vietnamese aggressors.

"The Coalition Government of Democratic Kampuchea (CGDK) and its three patriotic forces, on the basis of their victories, are determined to uphold the banner of great national union and national unity, and to continue their joint arduous struggle until Vietnam is ready to negotiate with the CGDK on the basis of the relevant United Nations resolutions and the CGDK's eight-point proposal," the statement said.

The statement, signed jointly by Samdech Norodom Sihanouk, president of Democratic Kampuchea, Son Sann, prime minister of the CGDK, and Khieu Samphan, vice-president of Democratic Kampuchea in charge of foreign affairs, appealed to the international community to continue to support the Kampuchean people's national liberation struggle and exert strong pressure on Vietnam.

It also called on the international community to vote overwhelmingly, at the upcoming 42nd Session of the U.N. General Assembly, in favor of the resolution calling for the withdrawal of all Vietnamese forces from Kampuchea and for the self-determination right of the Kampuchean people free from any outside interference.

Even though it has been facing difficulties in all fields, Vietnam is not yet ready to reach a political settlement of the Kampuchean problem by withdrawing all its forces from Kampuchea, the statement said.

"With the support of our so many friends the world over, the hard-fought struggle of the Kampuchean people under the leadership of the CGDK has won one victory after another," the statement pointed out.

In the statement, Prime Minister Son Sann and Vice-President Khieu Samphan expressed their high appreciation for the important role played by Sihanouk in the forging of the unity of the whole nation against the Vietnamese aggressors for national liberation, adding that at present, Sihanouk is the president of Democratic Kampuchea, and in the future, he will be the head of state of an independent, united, peaceful, neutral and non-aligned Kampuchea.

The delegation expressed satisfaction in the statement with its successful visit to China. It also thanked the Chinese Government and peop's as well as ASEAN countries for their support to the Kampuchean people in their just struggle against Vietnamese aggressors.

Sihanouk Banquet Speech BK011015 Beijing in Cambodian to Cambodia 1030 GMT 31 Aug 87

[Speech by DK President Prince Norodom Sihanouk at 30 August Beijing state banquet — recorded]

[Text] Esteemed Excellency Li Xiannian, President of the PRC, and Madame Li Xiannian; esteemed excellencies, ladies, and gentlemen; dear friends:

On behalf of the DK [Democratic Kampuchea] delegation and in my own name, I would like to express whole-hearted thanks to Your Excellency the President and the Government of the PRC for inviting my delegation to pay another official and friendly visit to the glorious PRC. This invitation and the warm reception accorded by Your Excellency the President, the Chinese Government, and the great Chinese people to all of us in the delegation from the very moment we arrived in Beijing — the beautiful capital of the PRC — constitute yet another innumerable testimony of the friendship that Your Excellency, the PRC Government, and the great Chinese people have for all of us in the delegation and for our Cambodian people. [applause]

Just now, Your Excellency Li Xiannian made a welcoming speech full of very warm words to all of us in the delegation, to all male and female combatants of the tripartite resistance forces of our CGDK, and to our Cambodian people who are waging a tenacious and arduous struggle against the Vietnamese aggressors. Moreover, Your Excellency the President highly appreciated the just struggle of our Cambodian people for the survival of our Cambodian nation. We ask Your Excellency the President to accept our most profound thanks for all these warm words and for this brilliant banquet. [applause]

Excellencies, ladies, and gentlemen, this year is the 2d year that the PRC has implemented with a great success its Seventh 5-Year Plan. As in all previous years, this year I have personally visited several other provinces of the PRC, namely Sichuan, Jiangsu, and Shanghai. I have witnessed with my own eyes many more and admirable achievements in China's economic construction. With this rhythm in the PRC's construction, I am convinced that the PRC will make maximum success out of this Seventh 5-Year Plan and set up a firm economic foundation in the advance toward implementing the Eighth 5-Year Plan in order to quickly realize the four modernizations. [applause] Therefore, within the next 10 years, the PRC will undergo a brand-new economic face-lift and the Chinese people will live happily in prosperity.

The PRC pursues a foreign policy of independence that does not involve itself in any global strategies; develops relations with various countries, big or small, on the

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basis of the principles of equality and mutual respect; and makes greater impact on and a more important contribution to peace and stability in all of Asia and the world. This [applause] policy enjoys the approval and support of all peoples in the world, particularly the overwhelming majority of peoples and countries in the Third World. We have firm confidence in the foreign policy of the PRC in developing relations with all countries on the basis of the principles of equality and mutual respect. I say this from our most satisfying personal experience in our relationship with the PRC.

Since the beginning, the PRC and the friendly, great Chinese people have always upheld the principles of equality and mutual respect in their relations with Cambodia at all times, and whenever our Cambodian people suffer from aggression, the PRC and the friendly, great Chinese people always stand on our side. It is in this spirit that our Cambodian people and CGDK are glad to express warmest congratulations to the great Chinese people and the PRC for the brilliant successes they have won in their efforts to implement the Seventh 5-Year Plan and in their open-door policy. Not only have the successes achieved by the great Chinese people and PRC Government in the process of modernizing China brought joy and happiness to the 1 billion Chinese people, but they also constitute an important factor in the defense of peace and stability in Asia and the world. [applause]

Excellencies, ladies, and gentlemen, the national liberation struggle of our Cambodian people under the leadership of our CGDK is entering its 9th year now. Over the past 9 years, united as one, our Cambodian people have waged a persistent and arduous struggle, have overcome one obstacle and complication after another, and have gradually won victories, driving the Vietnamese aggressors into a difficult impasse in Cambodia and the international arena — where they are utterly isolated — as well as in Vietname.

However, despite their present predicament, the Vi tnamese authorities remain unwilling to withdraw their
aggressive forces from Cambodia, continuing to push
aherd with their strategy of an Indochinese federation.
As all excellencies, ladies, and gentlemen are aware,
Vietnam has turned down resolutions adopted at eight
confecutive 'UN Ceneral Assemblies and the CGDK's
8-point proposal set forth on the basis of the UN General
Assembly resolutions. In this 8-point peace proposal, we
have proposed to the SRV a peace plan under which no
one would be a winner or a loser, a plan according to
which the peoples of the two countries could coexist
peacefully as neighbors without rancor or reprisal.

In this 8-point peace plan, Cambodia would also regain its sovereignty as an independent, neutral, and nonaligned country with no foreign troops stationed in its territory. Along with supervising the withdrawal of the SRV's troops and ensuring the smooth operation of an election, a group of UN observers would also participate in guaranteeing that no foreign countries would violate Cambodia's neutrality and or use Cambodian critory to threaten any other countries. For this reason, the overwhelming majority of world opinion has recognized that the CGDK's 8-point peace proposal is a comprehensive, broad-minded proposal had is beneficial to all concerned as well as to peace and stability in Southeast Asia and the Asia-Pacific region. And yet Vietnam has rejected it. What does Vietnam want, anyway? Is not that enough to show that the SRV does not want to give up its strategy of an Indochinese federation?

In light of all this, any other proposals made by the SRV are merely deceptive designs aimed at burying the UN resolutions and the reasonable 8-point peace proposal of the CGDK so that Vietnam can occupy Cambodia forever.

As for the Soviet Union, it has not stopped helping Vietnam in its aggression against Cambodia. This is because the Soviets have their specific strategy in Southeast Asia and the Asia-Pacific region within the framework of their global strategy. The Cam Ranh Bay and Danang bases in Vietnam are strategic bases for the Soviet Union to advance toward controlling the transportation lines in the South China Sea, the South Pacific, the Malacca Strait, and the Indian Ocean. All these bases have been long coveted by the Soviet Union. Now that they are in Soviet hands, it is clear that the Soviet Union will not let them go without putting up a fight. In this situation, our Cambodian people and CGDK have no other alternative but to continue uniting with each other in carrying on a tenacious struggle, and we appeal to friends near or far to continue supporting the just struggle of our Cambodian people and continue putting strong pressure on Vietnam until the Vietnamese aggressors agree to negotiate with our CGDK on the basis of the UN resolutions and the 8-point peace proposal which itself is based on the UN resolutions. [applause]

On this grand occasion, I would like to express deep thanks to the PRC for actively and consistently supporting the CGDK's 8-point peace proposal. [applause]

Excellencies, ladies, and gentlemen, in the future, even after Cambodia is liberated, the task of maintaining the independence and sovereignty of Cambodia will remain a very important issue. From my personal experience, the experience of the whole Cambodian nation in the past and at present, and the experience of all Third World countries in general, to live in independence and neutrality without joining any bloc is already very difficult in the present-day world.

It is even more difficult for Cambodia, which has been constantly threatened for decades, to overcome the danger of being swallowed by Vietnam, even if one day Vietnam is forced to withdraw its troops of aggression from Cambodia. We come to this conclusion on the basis of the following realities:

1. Vietnam itself has its own specific Indochinese Federation strategy and regional expansionist strategy.

2. Vietnam is a Soviet ally in terms of concrete interests and in terms of relationship in the economic, military, political, and ideological fields. And both the Soviet Union and Vietnam have their global as well as Asia and Asia-Pacific strategies closely coordinated, and there is no sign that these strategies will change.

In light of this situation, I hold that the defense of Cambodia is a question that requires considerable attention. On that account, all of us understand that there is only one way out for Cambodia as well as for all Cambodian national forces:

- 1. In the country, we must rally all national forces within the framework of a liberal democratic regime and parliamentary system as stated in the 8-point policy henceforth regarded by all of us as the foundation of our national constitution.
- 2. Outside the country, we must work to develop good relations and cooperation with all countries in the world, including the SRV and the Soviet Union.

We firmly believe that the PRC and the great majority of countries in the world which are supporting our people's struggle now will continue to give their precious support to this struggle until Vietnam agrees to settle the Cambodian issue politically by withdrawing all its aggressive forces from Cambodia, and will continue to support the above-mentioned national policy of Cambodia so that Cambodia can exist as an independent, neutral, and nonaligned state.

In conclusion, I would like to once again deeply thank the PRC and the great Chinese people, our friends, for according a whole-hearted, consistent, and unswerving support for the just struggle of my Cambodian people. [applause]

It is in this spirit that I propose a toast to more and greater successes of the glorious PRC and great Chinese people in their new long march toward modernization; to the ever-blossoming and ever-lasting time-honored Sino-Cambodian friendship; to the good health and long life of President Li Xiannian and Madame; to the good health and long life of His Excellency Deng Xiaoping, chairman of the CCP Central Committee Advisory Commission; to the good health and long life of His Excellency Zhao Ziyang, acting general secretary of the CCP Central Committee and premier of the Council of State of the PRC; to the good health and long life of Her Excellency Madame Deng Yingchao, chairman of the Political Consultative Conference of the PRC; to the good health of all excellencies, ladies, and gentlemen present here. [applause]

Envoys Attend Concert

OW011458 Beijing XINHUA in English 1445 GMT

1 Sep 87

[Text] Beijing, September 1 (XINHUA) — Samdech Norodom Sihnaouk, president of Democratic Kampuchea and chairman of a visiting Democratic Kampuchean delegation, attended a concert held here this evening in honor of the delegation by the Chinese Ministry of Culture.

Son Sann, prime minister of the Coalition Government of Democratic Kampuchea, and Khieu Samphan, vicepresident of Democratic Kampuchea, both vice-chairmen of the delegation, attended the performance.

Madame Monique Sihanouk, wife of Norodom Sihanouk, also attended.

Artists from the Central Philharmonic Society performed Chinese and Kampuchean music pieces including "Phnom Penh" composed by Norodom Sihanouk.

The guests were accompanied by Zhu Xuefan, vicechairman of the Standing Committee of China's National People's Congress, and Chen Minzhang, minister of public health.

At the end of the concert, the Kampuchean visitors presented a flower basket to the artists and posed for a picture with them.

Li Xiannian on SRV National Day BK020515 Beijing International Service in Vietnamese 1100 GMT 1 Sep 87

[Text] Chinese President Li Xiannian on 1 September sent a message to SRV Council of State Chairman Vo Chi Cong warmly welcoming Vietnamese national day. The message says:

To His Excellency Vo Chi Cong, chairman of the SRV Council of State, Hanoi.

On the occasion of the commemoration of the 42d anniversary of the establishment of the SRV, on behalf of the Chinese Government and people, I extend to you our warm greetings. We sincerely hope that the relations between China and Vietnam and the long-standing friendship between the two peoples be soon restored and developed.

[Dated] Beijing 1 September 1987

[Signed) Li Xiannian, president of the People's Republic of China.

# Near East & South Asia

Xu Xin Meets Bangladesh Army Group OW011208 Beijing XINHUA in English 1157 GMT 1 Sep 87

[Text] Beijing, September 1 (XINHUA) — Xu Xin, deputy chief of General Staff of the Chinese People's Liberation Army, feted here today the visiting Bangladesh Army delegation headed by K.M. Abdul Wahed, chief of General Staff of the Armed Forces of Bangladesh.

#### Sub-Saharan Africa

Wu Meets Lesotho Foreign Minister OW281214 Beijing XINHUA in English 1139 GMT 28 Aug 87

[Text] Beijing, August 28 (XINHUA) — Chinese State Councillor and Foreign Minister Wu Xueqian met and

feted here today Col T. Letsie, councillor of the Military Council, and Lengolo Bureng Monyake, foreign minister, of Lesotho.

The visitors arrived here August 26 to prepare for the coming visit of Her Majesty Queen Mamohato Bereng Seeiso.

# **East Europe**

GDR Leader on Economic Projects
OW291032 Beijing Domestic Service in Mandarin
0200 GMT 28 Aug 87

[Text] Vice Chairman of the State Planning Commission of the German Democratic Republic Rost recently gave an interview to a reporter of this station. Rost said: Economic cooperation between the GDR and China has developed rapidly in recent years. However, there is still great potential to be tapped in this respect. He said that the GDR is willing to provide equipment and facilities, sell technology, and train technical personnel for China in order to make contributions to the technological transformation of China's enterprises.

He pointed out: The GDR is a country lacking natural resources, but China has very abundant natural resources. The two countries can jointly develop China's natural resources in the form of compensatory trade, and this can benefit both sides.

He revealed that to further develop economic cooperation with China, the GDR will hold an export commodities trade fair in Beijing in April of next year.

#### Latin America & Caribbean

Commentary on U.S. in Centam Policy , OW310950 Beijing XINHUA in English 0827 GMT 31 Aug 87

["Commentary: What Kind of Peace Does U.S. Want in Central America? (by Wang Dan and Wu Jing)" — XINHUA headline]

[Text] Beijing, August 31 (XINHUA) — The reaffirmation made by U.S. President Ronald Reagan Thursday that the United States will provide Nicaraguan contra rebels "adequate funding" has disappointed the people who want to see peace in Central America.

On August 7, five Central American presidents signed a peace agreement in Guatemala City, which calls for an end to foreign aid to the insurgents in the region. This reflects the aspirations of the countries and peoples in this war-torn region for peace and stability.

However, the Reagan administration on one hand "welcomes" the agreement, and on the other hand, stressed that the implementation of the agreement "must be consistent with the interests of the United States and it must be consistent with the interests of those fighting for freedom in Nicaragua." The United States has repeatedly stated that it wants to see peace in Central America. Just before the Guatemala meeting of the five Central American presidents, Reagan proposed a six-point peace plan for the region. However, this peace plan shows clearly that what the United States wants to see in the region is different from what the people of the region aspire to.

The crucial element of the Central American issue is the U.S. attempt to overthrow the Nicaraguar Government by funding the Nicaraguan contra rebels.

The Nicaraguan Sandinista National Liberation Front, which came to power in 1979 after overthrowing dictator Anastasio Somoza, has been pursuing a policy of non-alignment. The United States is unhappy with the fact that Nicaragua obtains aid from the Soviet Union and Cuba. It alleges that the Sandinista Government exports revolution to its neighbors and thus threatens the security of the United States.

It is clear that the United States considers the Central American issue one of the confrontations between the big powers.

According to the Reagan doctrine, which says Soviet influence must be limited to its own territory, the Nicaraguan Government, at least its policies, should be changed to make it "consistent with the interests of the United States" and "the interests of those fighting for freedom in Nicaragua." Therefore, the United States supports the anti-government rebels in Nicaragua and imposes economic sanctions and political and diplomatic pressure on Nicaragua.

It is always necessary to find an excuse to interfere in the internal affairs of another country. One of the U.S. excuses is that the Nicaraguan Government is "not democratic." U.S. Defense Secretary Caspar Weinberger has said publicly that the United States could not

endorse the peace plan of the five Cen'ral American presidents, saying it lacks a critical timetable for "democratization." Reagan's National Security Adviser, Frank Carlucci, also said the United States will continue to support the Nicaraguan contras until "there is a satisfactory nexus with the peace plan that puts in place democratic reforms." Reagan said in his six-point peace plan that the ceasefire must be simultaneous with democratic reforms in Nicaragua. He hopes that Nicaragua will change its government and policies to satisfy U.S. interests.

The United States is even concerned with Nicaraguan foreign policies. In his six-point peace plan, Reagan asked Nicaragua directly to halt "aid from the communist bloc."

Although both Central American countries and the United States are talking about peace in the region, their basic understandings of the word "peace" are different. The Central American countries base "peace" on the principal of respecting each country's territorial integrity and sovereignty and of noninterference in each other's internal affairs. The United States uses "peace" as a shield to put the whole region under its control.

It is reasonable to doubt the sincerity of the United States when it says it welcomes the Guatemalan resolution of the five Central American countries.

Hu Qili Meets Venezuelan Envoys OW020823 Beijing XINHUA in English 0803 GMT 2 Sep 87

[Text] Beijing, September 2 (XINHUA) — Hu Qili, member of the Political Bureau of the Chinese Communist Party Central Committee, met here today a delegation of the Venezuelan Movement to Socialism led by its General Secretary Freddy Munoz.

25 Oct CPC Proposed by Politburo OW021132 Beijing XINHUA in English 1118 GMT 2 Sep 87

[Text] Beijing, September 2 (XINHUA) — Preparations are under way for the 13th National Congress of the Communist Party of China (CPC) to be opened next month in Beijing.

XINHUA learned that the Political Bureau of the CPC Central Committee has proposed to open the congress on October 25, and the proposal will be submitted to the Seventh Plenary Session of the 12th Party Central Committee for approval.

Election of the delegates to the congress has been basically completed. The draft version of the political report to the congress is being discussed for revision by more than 5,000 people.

These are: Members of the 12th CPC Central Committee, the Central Advisory Commission and the Central Commission for Discipline Inspection; delegates to the forthcoming congress; party members among leaders of the central departments of the party, government and People's Liberation Army and of mass organizations; and leaders of the provincial, municipal and autonomous regional party committees.

Suggestions are also being solicited from leaders of noncommunist democratic parties and non-party celebrities.

According to recent talks by leading comrades on the CPC Central Committee, how to accelerate the current reforms will be a central topic on the agenda of the forthcoming congress, now the focus of attention of not only the entire party, the Chinese people of various nationalities and Overseas Chinese but also the entire world.

Election of a new Central Committee will be another major item on the agenda of the congress.

Work will continue to implement the policy of promoting younger people to leading posts. Some aged comrades will withdraw from their leading posts in the party's central organs, and some young and middle-aged comrades, who have made outstanding contributions, will be elected to the new Central Committee.

The party Central Committee's Secretariat, Political Bureau and Political Bureau Standing Committee will have more younger people, and the substitution of the aged by the young will make these central organs of the party take on a new look.

The nine years since the Third Plenary Session of the 11th Party Congress have opened a new stable in the development of the party history since the foundation of the People's Republic of China. This period is so attractive because in the course of reforms many new ideas and concepts have cropped up and work has begun to establish a new system of a path-breaking sature.

The most outstanding achievement for this period, however, is the discovery, out of a clear understanding that China is currently in the early stage of socialism, of a socialist road with distinct Chinese characteristics that suits the specific conditions of the country, and this is the fundamental basis on which China is convinced of the necessity to follow the line and policies such as being followed now.

It is believed that during the forthcoming congress, work will be done to systematically demonstrate and sum up this question.

The 13th Party Congress will continue to uphold and develop the party's line pursued since the Third Plenary Session of the 11th Party Central Committee, a line which has proved to be correct, namely, taking economic construction as the central task, upholding the four cardinal principles (socialist road, people's deomocratic dictatorship, leadership of the communist party, and Marxism-Leninism and Mao Zedong Thought), and adhering to the reforms and opening to the world.

According to information available, the forthcoming party congress will work out a blueprint for the reform of the political structure with which the broad masses of people are concerned in order to suit the needs of the all-round economic restructuring.

Deng Xiaoping's speech "On the Reform of the Party and State Leadership" republished not long ago will be the guiding document for the reform of the political structure.

The congress will also discuss and define the fundamental principles for the economic construction and restructuring in the future, and the basic principles for strengthening party building in the course of the reforms and the opening of China to the world.

Problems and difficulties as well as shortcomings and mistakes which have occurred in the course of advance will be reviewed and ways worked out to solve them under the principle of seeking truth from facts.

# **NPC Standing Committee Meeting Continues**

Procedure Rules Discussed

OW011952 Beijing XINHUA in English 1.36 GMT 1 Sep 87

[Text] Beijing, September 1 (XINHUA) — Participants in the on-going 22nd meeting of the Standing Committee of the Sixth National People's Congress (NPC) called for early ratification of a draft law governing procedures.

Procedure rules are necessary for committee members to further improve rules and regulations, raise work efficiency and exercise members' rights under the law, NPC Standing Committee members said when discussing the draft.

These members agree the Standing Committee has carried out the principles of democratic centralism in discussions of legal proposals, deliberations of government work reports and other state affairs over the past few years.

"To legalize the committee's practice and institutionalize its experience constitute an important step in strengthening the country's democratic and legal construction," said Standing Committee member Yang Ligong.

The rules will help improve the committee's work and the legal construction of local people's congresses as well, he said.

They also voiced suggestions on improving the committee's work including strengthening legal supervision, appointments and removals of personnel, putting forward and examining proposals, and procedures for work reports, addressing inquiries, delivering speeches and voting.

Luo Qiong suggested, state departments should report achievements the appointee has made when they submit appointment proposals to the Standing Committee.

"The committee's right to address inquiries is very important, but should not be abused," Sun Jingwen said, adding this right should be used cautiously with reliable materials.

Also discussed at the meeting, which opened last Friday, were a draft decision on the distribution of deputies from minority nationalities to the Seventh National People's Congress and a draft decision on the election of deputies representing Taiwan to the NPC through consultation.

Session Held on Auditing

OW021232 Beijing XINHUA in English 1218 GMT 2 Sep 87

[Text] Beijing, September 2 (XINHUA) — The 22nd meeting of the National People's Congress (NPC) Standing Committee held a plenary session today to hear a report on national auditing affairs.

The report was read by Lu Peijian, auditor-general of the State Auditing Administration with Geng Biao, vice-chairman of the NPC Standing Committee presiding.

Vice-Foreign Minister Oian Qichen submitted a written report on Premier Zhan Ziyang's official visit to five East European countries and Pakistan, and the members also heard a report by Peng Chong, vice-chairman of the NPC Standing Committee, on an NPC delegation's visit to the People's Republic of Mongolia.

Peng Chong said, the delegation's visit, which he led, has restored ties between the Chinese National People's Congress and the Great People's Hural of Mongolia and enhanced mutual understanding.

"The visit was a success," Peng said, adding the trip should promote the development of friendly relations between the two countries.

Hong Kong Reports New PRC Leaders
HK020039 Hong Kong SOUTH CHINA MORNING
POST in English 2 Sep 87 pp 1, 2

["Exclusive" by David Chen]

[Text] Reformists and conservative forces within China's leadership have and a deal on who will take the

most senior positions in the country following the crucial 13th National Party Congress next month.

Chinese leader Deng Xiaoping appears to have chosen to compromise in his efforts to rid the party hierarchy of old men in favour of younger leadership.

A new pecking order was agreed on last week after more than four weeks of keen and, at times, heated debate as Chinese leaders relaxed during their summer holidays at the seaside resort of Beidaihe, the SOUTH CHINA MORNING POST learned exclusively from Beijing sources last night.

Under the deal, Mr Deng — who has announced he will quit the Politburo Standing committee of the communist Party — is to retain full control of the country's four-million-strong army by staying on as chairman of the party's Military Affairs commission and the State Central Military commission.

#### In other moves:

- Mr Deng will give up the chairmanship of another strong party organ, the Central Advisory commission, in favour of a conservative. The man who will take over is the elderly Mr Bo Yibo, one of the veterans instrumental in the downfall of Mr Hu Yaobang earlier this year.
- Reformist Mr 7hao Ziyang will be confirmed in the post of General-Secretary of the party. However, he will yield the cherished Premiership to Soviet-trained Mr Li Peng, generally regarded as less progressive and more acceptable to the conservative camp.
- Mr Li Xiannian, a conservative, is to relinquish his post as president and will be succeeded by reformist Vice-Premier Mr Wan Li.
- The permanent vice-chairman and secretary-general of the Military commission, Mr Yang Shangkun, will become chairman of the National People's Congress, succeeding arch-conservative Mr Peng Zhen.

Mr Chen Yun, another conservative whose orthodox economic approach has often checked the pace of reformist policy, may also relinquish the chairmanship of the Central Disciplinary commission. It is not known, however, who his successor will be.

The sources, however, cautioned that there could well be some changes before the congress meets.

Nevertheless, they did not expect any surprises in the crucial posts, such as those of General-Secretary and Prime Minister.

At the same time, the official NEW CHINA NEWS AGENCY announced yesterday that the Politburo and its Standing Committee would be considerably rejuvenated after the congress.

(This is the first time that the agency has made such a definitive statement on the expected changes.)

It said China would see a change of leadership at the congress as veteran revolutionaries made way for younger leaders.

The lengthy commentary — the most authoritative comment so far on the upcoming meeting — indicated that Mr Deng might have pushed through most of the changes he had been seeking.

Some ageing leaders — including Mr Deng, who was 83 last month — have expressed their wish to retire from the party's Politburo and its powerful five-man Standing Committee, the agency said.

"It can be predicted that at the 13th Party Congress the average age of those at the very top — members of the Politburo Standing committee — will be reduced considerably," the agency said.

Members of the 20-strong Politburo would also be younger, the agency added.

Analysts told the POST that the fact that Mr Yang would take over the chairmanship of the National People's Congress indicated that, while the conservatives were less than successful in their campaign to get their candidates into these vital posts, Mr Deng and the reformists were at a loss to find a suitable, younger candidate to fill the position.

What might occur, they suggested, was that the congress would gradually lose its newly-won power, at present under the chairmanship of the strong-willed Mr Peng Zhen.

Similarly, with Mr Deng leaving the Central Advisory commission and Mr Bo Yibo taking charge, the body that was created more than five years ago would assume a genuine advisory role and would have far less influence than it has now, the analysts said.

The choice of Mr Li Peng as China's new Prime Minister would not give Mr Zhao much comfort.

Generally conservative and in favour of heavy industrial development, Mr Li might not be as receptive to consumerist economic policies as the reformists are, the analysts said.

It would be difficult to see how the new General-Secretary and new Prime Minister could work together, they said.

While it is true that Mr Zhao will still have several reformists in the top echelons of the State Council — including one of his proteges, Mr Tian Jiyun — it is virtually certain that the conservatives will be able to exert more influence in economic planninx.

There is also talk of the retention of Mr Hu Yaobang, the disgraced party General-Secretary who resigned in the wake of student unrest early this year.

However, the sources in Beijing said it was unlikely that he would be retained. Nor would he be appointed chairman of the Chinese People's Political Consultative Conference, as recommended by the incumbent, Ms Deng Yingchao (the widow of Zhou Enlai).

Several lesser figures have also been put forward as China's leadership thrashes out the new hierarchy.

Generally, it is expected that the mayor of Tianjin, Mr Li Ruihan — in his younger days a model worker — may be appointed a vice-premier, along with Mr Tian and Mr Qiao Shi.

However, the governor of Guangdong, Mr Ye Xuanping, the eldest son of the late Marshal Ye Jianying, is expected to remain in his present post, despite earlier expectations that he would also be seconded to Beijing.

It is also believed that one of the chief spokesmen of the conservative camp, propagandist Mr Deng Liqun — who was relieved from party propaganda work early last month — may ultimately join the Politburo, thereby continuing to exercise his conservative influence in the party.

Meanwhile, the party's working report, which has gone through three revisions, is now being circulated throughout the nation for discussion and suggestions before it is returned to Beijing for the final touches.

Election of delegates to the congress is almost complete and the seventh and final plenary session of the 12th Central Committee may be scheduled either before the end of the month or early next month as a preliminary to the congress.

Yesterday's NEW CHINA NEWS AGENCY report implied that Mr Deng's drive to persuade elderly and hardline colleagues to retire at the congress had encountered some resistance.

"The rejuvenation process has also met with obstacles," the agency admitted.

Despite these "obstacles", which were not explained, the agency said more and more people had realised that rejuvenation was inevitable if the party was to be invigorated and "ossified attitudes avoided".

The Chinese public was concerned about rejuvenating the leadership, it added.

"They wish the present popular policies — regarding reform and opening the country to the rest of the world — to remain unchanged as older leaders are replaced by younger people," the agency said.

"A realistic prediction or hope is that the backbone of the party's Central Committee will be in their 50s.

"There will still be a number of people over 60 who are experienced and healthy enough to work in the Central Committee."

Leaders at Buddhism School Opening OW012343 Beijing XINHUA Domestic Service in Chinese 1231 GMT 1 Sep 87

[By reporter Zhou Changxin]

[Excerpts] Beijing, 1 Sep (XINHUA) — The China Tibetan Buddhism Institute opened today. Deng Yingchao, Xi Zhongxun, Tian Jiyun, Hu Qili, Chen Pixian, Hao Jianxiu, Peng Chong, Bainqen Erdini Qoigyi Gyaincain, Yang Jingren, Zhao Puchu, and Wang Feng, as well as officials from relevant departments attended the opening ceremony at the newly-completed institute located at the Xihuang Temple.

To solemn Buddhist music, Bainqen, vice chairman of the NPC Standing Committee and president of the institute, and Zhao Puchu, vice chairman of the CPPCC National Committee and senior advisor of the institute, unveiled a horizontal board engraved with the institute's name. Bainqen presented white hadas [ceremonial scarves] to the central leading comrades and officials from relevant departments.

In his address, Bainqen said that the founding of the institute is not only a joyous occasion for Buddhist circles, but also a milestone in the history of Chinese Buddhism. [passage omitted]

Congratulatory messages from acting General Secretary of the CPC Central Committee and Premier of the State Council Zhao Ziyang, Vice Premier Li Peng, and Vice Chairman of the NPC Standing Committee Ngapoi Ngawang Jigme to Bainqen were read at the ceremony. In his message, Zhao Ziyang wished the Tibetan Buddhism Institute success in training Buddhists and disseminating the religion, as well as in safeguarding the motherland's unification, strengthening unity among nationalities, and promoting socialist construction.

Zhao Puchu, representatives of the faculty, and students also spoke at the ceremony. Afterwards, the central leading comrades posed for pictures with the faculty and students.

Gu Mu, Advisor Tour Tai Shan SK020718 Jinan Shandong Provincial Service in Mandarin 2200 GMT 1 Sep 87

[Text] Accompanied by State Councillor Gu Mu and Provincial Vice Governor Tan Qinglian, Dr (Wu Qingrui), economic adviser on coastal development and concurrently the provincial government's adviser on tourism, and his party of two went to Taian on 1 September to inspect its tourism and utilization of foreign capital. At the (Zhongtianmen) cableway station, Comrade Gu Mu, who had climbed Tai Shan three times, introduced the long history and scenic characteristics of Tai Shan to the guests. Dr (Wu) was very pleased to hear the introduction.

At 1600 that day, 72-year-old Dr (Wu) arrived at the (Nantianmen) in high spirits by cable car. He went up the stairs eastward to enjoy the natural scene, classic architecture, and stone carving of Tai Shan. On his way back,

when asked by a reporter about his impressions of Tai Shan, Dr (Wu Qingrui) said happily: Tai Shan is very magnificent and is very famous in Asia. Many people want to tour Tai Shan.

(Wu Qingrui) said that Tai Shan has great potential for tourism.

Commentator on Strengthening Market Order HK011445 Beijing RENMIN RIBAO in Chinese 28 Aug 87 p 1

[Commentator's article: "Strengthen Order, Enliven the Market"]

[Text] For some time, activities of disturbing market order and violating the price policy have been increasing on a nationwide scale. By methods such as offering bribes, a number of unlicensed traders and a small number of self-employed households have succeeded in buying off some government functionaries holding the power to sell and distribute commodities in large quantities. They fraudulently purchase commodities in short supply from state enterprises and resell them at high prices; they drive up prices to seek exorbitant profits. Forming small factions for selfish purposes, a small number of unscrupulous people forcibly purchase or sell goods on the market and ride roughshod over the people. They are so swollen with arrogance that they even disobey management and beat up industrial and commercial administrative and management personnel. If, instead of adopting powerful measures to ban and crack down on these people, we take a laissez-faire attitude, it is bound to seriously infringe upon the immediate interests of the vast numbers of people and obstruct the smooth progress of the reform.

At present, given a situation whereby the commodity economy in our country is still undeveloped, the aggregate social demand exceeds the aggregate social supply, and the market commodity supply falls short of demand, various illegal activities, such as profiteering, driving up prices, and seeking exorbitant prices, as well as making and selling imitation or poor-quality commodities, are liable to appear. This makes it necessary for the relevant quarters to work in close coordination and to apply economic, administrative, and legal means to strengthen market management and supervision, to give the necessary guidance, to make adjustments, or to exercise controls. This is a necessary condition for the market to implement the policy of opening and invigorating the economy.

At present, the various acts of disturbing the market are being reflected in prices. The acts of driving up prices, such as raising prices without authorization or in a disguised manner, exist not only among self-employed households but also among some collective and state enterprises. The masses call those speculators who illegally buy up commodities in short supply from state-run shops or through other channels and resell them at high prices "profiteers." In strengthening market order and

price management, it is necessary, on the one hand, to resolutely ban unlicenced traders and crack down on "profiteers" exclusively engaging in seriously illegal activities and, on the other hand, to plug up loopholes in state and collective enterprises. The reason some "profiteers" can have their own way can be traced to some state wholesale and retail enterprises and certain material and transport and communications departments or links. Showing no consideration for state policies, laws, and discipline, a few personnel seek private gain at public expense and accept bribes. They work hand in glove with "profiteers" in society to seek illegal profits, serving as behind-the-scenes backers of "profiteers." Their actions have not only caused serious losses to the state and evoked the dissatisfaction of the vast numbers of consumers, but also seriously discredited the prestige of socialist enterprises. It is necessary to thoroughly investigate and to seriously deal with the lawbreakers in state and collective enterprises both in the circulation and production fields. On no account should we be indulgent toward them. We should seriously crack down on "profiteers" but, at the same time, we should also pay attention to drawing clear lines of demarcation in applying a policy. We should distinguish between the small handful of "profiteers" who exclusively engage in the illegal activities of seeking exorbitant profits and the self-employed traders who engage in legitimate business operations or have slightly violated commercial ethics. Among the latter, we should primarily conduct education in the need to observe laws and discipline.

The chaotic market conditions have increasingly brought home to people this truth: Given the socialist planned commodity economy, the struggle between management and antimanagement and between supervision and antisupervision will exist for a long time. The more we open up and invigorate the economy, the greater the need to strengthen management and supervision. For many years, a situation whereby "chaos comes in the wake of relaxed controls and rigidity comes in the wake of tightened controls" has repeatedly occurred in market management in some localities. We should avoid following this same old disastrous road. The market has an irreplaceable role in developing commodity economy and meeting the people's needs for consumer goods. Generally speaking, far from going beyond the limit in opening up and invigorating the economy, we have not sufficiently opened up and invigorated the economy; far from having too many small traders, we have too few of them. The aim of strengthening management and supervision is to suppress and remove those factors unfavorable to the sound development of the market so that the legitimate rights and interests of producers, dealers, and consumers can be ensured. That is to say, consolidating the market is aimed at invigorating it further. This can not be attained by consolidating it once or twice but is a long process. At present, two problems must be solved satisfactorily. First, we must work out and amplify the relevant state policies, statutes, and regulations and urge all types of enterprises and dealers to engage in production and other operations in strict accordance with the

operational scopes and methods specified by the industrial and commercial management institutions, leaving no loopholes for those engaging in speculation and profiteering and seeking exorbitant profits to exploit. Second, in supervision and inspection we must have a unified plan, take comprehensive measures, and integrate the professional functional departments with the masses. Through reform we should gradually establish and amplify a whole set of market management mechanisms suited to the socialist commodity economy and conscientiously achieve the objectives of "exercising controls over the market without putting it in a straight-jacket and of invigorating the economy without causing any chaos."

Li Yining Views Economic Reforms HK011300 Beijing JINGJI RIBAO in Chinese 15 Aug 87 p 3

[Article by reporters Wu Yufeng (0124 1342 1496) and Gao Shangang (7559 0810 4993): "Whither the Economic Reforms? — Li Yining Maintains: Property Relationships Must Be Clearly Defined and Lateral Association Promoted"]

[Text] Where should we continue to advance in depth with the reform? This is an important question of common concern to the economic theoretical community and decisionmaking departments, a question they are currently exploring. In a recent interview with economics scholar Li Yining, a professor at Beijing University, we asked him his views on this question.

Reporter: Professor, what is your opinion on the main problems to be solved at the present stage of reform?

Li Yining: To put it briefly, we can say it this way: The property relationships must be clearly defined and lateral association vigorously promoted.

Reporter: Why should the property relationships be put in such an important position?

Li Yining: In this regard, we gained enlightenment from the rural economic reforms lasting several years. Rural reforms have achieved remarkable successes, not only because methods of management were changed but because the property relationships were also readjusted. With the peasant contractors having their own economic interests, a new-type economic relationship based on equality, mutual benefit, and mutual aid has begun to take shape. Enterprises in our cities have not yet been genuinely invigorated so far; this is mainly because we have not resolved the urban enterprises' question of dynamic force and pressure from the viewpoint of interests. Enterprises under the system of ownership by the whole people that do not have their own economic interests cannot genuinely assume full responsibility for their profits and losses. This is bound to lead to the following commonly-seen phenomenon: the employees are most or mainly concerned about the amount of their personal income rather than the performance of their enterprises' operation; eager for quick success and instant benefit, enterprise leaders are used to killing the goose that lays the golden eggs and leave their enterprises' long-term development and the state's interests out of account; and reluctant to carry out technological transformation, enterprises are used to putting together the equipment, consumption, and human resources and fail to really take care of state property. Enterprises always find themselves in a passive and insensitive position and respond slowly to the signals of macroeconomic readjustments. Therefore, only when the enterprises' property relationships are harmonized, they have both dynamic force and pressure, and their economic behavior is gradually normalized can there be a solid foundation for the enterprises.

Reporter: Clearly defining the property relationships and promoting lateral association is a big topic that covers a wide range of fields of endeavor. In the light of our current actual conditions, which aspects should be given more attention as you see it?

Li Yining: In my opinion, wide attention should be paid to the following questions:

First, choose appropriate forms of association. Lateral economic association can, in general, be divided into three forms. The first form is a loosening one, under which enterprises form association mainly through conclusion of agreements to carry out economic and technological cooperation. This form of association can be carried out on the current bases of enterprises. The other is a semi-closed one, under which companies jointly raise funds to set up a new enterprise while their property ownership remains unchanged. The third is a closed one, under which former enterprises are reorganized or new enterprises are set up through the form of shareholding. Of the three forms of association, we cannot readily tell which is superior to which. In choosing any form of association, enterprises should proceed from the realities of their trades and localities and make the best use of the circumstances.

Second, energetically develop enterprise groups. An enterprise group is an economic association composed of several enterprises in a locality or department or transgressing the barriers between different trades or different departments. This association includes association either in products, technology, or in marketing. This is an important organizational form for large and mediumsize enterprises to develop lateral economic association. Some people now have worries about the formation of enterprise groups. Their worries are mainly manifested in two ways. One is that they fear that once an enterprise group is formed, since the relations between the parent company which is the core of the group and its subcompany are very complicated, in the days ahead the group will easily make false accounts and evade taxes. The other is that they fear that once enterprise groups are set, monopoly will intensify in the economic sphere and this is detrimental to competition. As I see it, these two worries contain some truth. However, it is undesirable to

negate the importance of the existence of enterprise groups just because of this. As far as false accounts and tax evasion are concerned, under the traditional public ownership, if an enterprise's management principles are improper, these problems may also occur. It can thus be seen that false accounts and tax evasion have no natural relation with enterprise groups. There is a biased view that socialist enterprise groups will lead to monopoly. After enterprise groups are formed, there are two possibilities of development: one is that monopoly in the economic field will intensify; the other is that competition in the field will escalate. We must study how to prevent monopoly from intensifying and how to develop competition, for example, to reorganize the organizational structure of enterprise groups, to eliminate monopolized management, to set up fewer national but more regional enterprise groups, and to try to prevent enterprise groups from boycotting the legitimate business activities of other enterprises by concluding agreements among themselves so that competition among all enterprises can be conducted within the limits permitted by the law.

Third, attach importance to the role of the shareholding system in lateral economic association. Of the three forms of lateral economic association I have discussed above, the latter two are involved in the use of the shareholding system. The implementation of this system has some advantages. First, it can fairly effectively facilitate the rational movement of major production factors; second, it is conducive to eradicating the phenomenon in which no distinctions are made between the functions of the government and those of the enterprises: and third, it helps absorb idle funds scattered in society for socialist construction use. Even though shareholding by the employees and individuals in society is excluded, with the practice of the shareholding system, the former abstract ownership by the whole people can also become a concrete form in which the government and enterprises become biggest shareholders. In this sense, even 100 percent publicly-owned shares are also meaningful. Of course, it is not necessary for some trades and enterprises to put their shares 100 percent under public ownership.

The shareholding system is not an independent economic formation. Its nature determines the nature of shareholders. In the course of its execution, close attention should be paid to the following three principles: First, we should follow the principle of compensatory payments for the transfer of state property to avoid appropriation of public property; second, the principle of the state controlling share interest should be applied in important departments and enterprises to guarantee the state's decisionmaking power; and third, the principle of restricting the number of shares bought by individuals should be applied. Some shares can be sold to individuals and some cannot. Regarding the shares that can be bought by individuals in large quantities, a control line is still needed. If these three principles are

grasped, socialist public ownership can avoid infringement and, with the development of enterprises, the economy based on public ownership can grow stronger and stronger.

Implementation of the shareholding system in our country will be a fairly long process. An enterprise involved in a shareholding scheme embodies an integration of interests based on truly voluntary participation. Before enterprises of this type are popularized, we should make experiments, sum up experience, and give demonstrations to other enterprises. At present, we should energetically do a good job in experiments.

Fourth, consider establishing an administrative setup in charge of state property (called either the state investment company or state shareholding company) to manage government shares and protect property under the system of ownership by the whole people. Let us suppose: Administrative departments in charge of state property are set up in governments at the central, provincial, city, and county levels and their relationship is not one of vertical leadership. The government shares under the management of the central government's administrative departments in charge of state property should not be decentralized. In other words, the central government only buys the shares of large enterprises that have a vital bearing on the national economy. Similarly, the government shares under the management of the provincial and municipal governments' administrative departments in charge of state property should be relatively centralized. The provincial and municipal governments mainly buy the shares of comparatively important large enterprises. By comparison, the administrative departments in charge of state property of the cites below the provincial level can possibly buy more shares of ordinary large and medium-size enterprises. As for the county administrative departments in charge of state property, they can appropriately apply these principles in accordance with what they have made before and with their present financial resources. In that way, the role of cities below the provincial level in the regional economy can be brought into full play.

After administrative departments in charge of state property are formed, the ministries, departments, and bureaus in charge of specialized trades are mainly responsible for drawing up development plans and policies, coordinating the relationships between different enterprises, and for supervising the implementation of policies and rules and regulations. They will no longer interfere in the affairs of enterprises practicing the shareholding system. Instead of interfering in the specific affairs of enterprises, administrative departments in charge of state property will exercise their influence on enterprises's economic decisionmaking and economic activities through the control of their shares and appointment of government officials in their board of directors.

Reporter: Can we summarize the four points you have discussed above like this: Enterprises should choose the four of lateral economic association in accordance with

their own actual conditions; large and medium-size enterprises should adopt the form of enterprise group in forming lateral economic association; and to meet the needs of the development of lateral ecmnomic association and the shareholding system, we should change the modes of the government to manage enterprises?

Li Yining: Yes, you can. What I have discussed above has been dealt with in the book "Exploration of Economic Structural Reform" out recently, a book I wrote in September 1986. It deals with my thinking on economic structural reform.

Reporter: Large and medium-size enterprises throughout the nation are now implementing the system of contract managerial responsibility system. As we see it, clearly defining the property relationships as you discussed above and implementing the contract system can go parallel to each other, with each implementing the other.

Li Yining: It must be acknowledged that practicing the contract system is much better than not practicing it, for contract management means very big progress. However, it cannot solve the problem of property relationships, while the shareholding system is an option for solving the problem. Enterprises implementing the contract system can also practice the shareholding system, while enterprises involved in a shareholding scheme can also practice the contract system. These two methods, either "contracting goes first and shareholding later" or "shareholding first and contracting later," can be tried experimentally.

Reporter: In forming lateral economic association, on the one hand, we should break down the barriers between different localities and departments and on the other, we need support in such areas as finance, taxation, and credit. How do you view this matter?

Li Yining: In my opinion, the first thing we need to do in clearly defining the property relationships and developing lateral economic association is to make a distinction between taxes, interest, and profits. Taxes are the income of the state as the manager, interest is the income of the investors, and profits are the income of the operators. Suppose a state-funded enterprise is contracted out to the enterprise itself: Its taxes should go to the state, its interest should belong to the state as the investor, and its profits should be turned to the enterprise as the operator. If its profits are too high, they can be regulated by levying a super-profit tax on them.

Reporter: In developing lateral economic association, apart from creating conditions in both administrative and economic management, it is still necessary to provide enterprises with a legal guarantee.

Li Yining: This is a very important point. Defining the enterprise' status of a legal person and protecting the legitimate rights and interests of the legal person are necessary conditions for accelerating the development of the commodity economy. The law must protect the

enterprise's decisionmaking power in operation and all its legitimate rights and interests in no uncertain terms so that its equipment, funds, and profits will not be used by others without compensation. An enterprise should have the power to appoint and remove its own cadres and to reject the egalitarian transfer and extortion by any units or individuals of its human, material, and financial resources. Only when an enterprise can perform its duties independently within the limits permitted by state policies and decrees and has its own economic position, will, and property in all economic activities can the enterprise be flexible enough to cope with changes in competition in the marketplace, raise funds in accordance with its needs and possibilities, issue shares after examination and approval, and adopt the system of controlling share interest or practice the forms of leasing management, contract management, or lateral association. Only with all this done can the enterprise really open up a new situation.

Reporter: We have gained great inspiration from your talk.

Li Yining: I have just raised some questions for further pondering by the theoretical community. Experience is created by man, and so are roads. In reforming the economic structure, we should have the courage to make explorations and to practice. History will pass a fair judgment on the practical activities of the economic structural reform being carried out by the Chinese people under the leadership of the CPC.

Article Views Wage Reform HK010803 Beijing RENMIN RIBAO in Chinese 21 Aug 87 p 5

[Article by Xiao Liang (2556 0081): "A Few Opinions on the Practice of Fixing Wages by Every 100 Yuan Worth of Finished Work Under Contract"]

[Text] The Significance of the Practice of Fixing Wages by Every 100 Yuan Worth of Finished Work Under Contract to Wage System Reform [subhead]

The practice of fixing the amount of wages for every 100 yuan worth of finished work under contract adopted in the building industry, is a major measure taken in wage system reform. Since its adoption, the practice has played a good role in developing production, improving management, and promoting reform.

Why can the practice yield better results?

In my opinion, the method has gradually overcome the defect of "enterprises eating from the big pot" of the state; combined responsibility, authority, and benefit; and united the interests of the state, collectives and individuals, thus effecting a great breakthrough in the former rigid wage system.

As everyone knows, in talking about the practice of fixing the amount of wages for every 100 yuan worth of finished work under contract, we mean taking the ratio

between the gross payrolls of enterprises and their total output value for every 100 yuan as the base figure for wages of workers and other employees. The output value created by enterprises determines their total wage bill, and the wages of their workers and other employees fluctuate according to output value. This is of course quite different from the old method of determining total payrolls according to the number of workers and other employees. The new method enables enterprises to tie the distribution of wages to their economic performance. This inspires the enthusiasm of workers and other employees in production, increases decisionmaking power to enterprises in the distribution of wages, instills greater vitality into enterprises and spurs reform inside enterprises and across the board.

With regard to reform of the wage system, adopting the practice of fixing the amount of wage for every 100 yuan worth of finished work under contract has turned the former rigid wage system into a flexible one, and the former "iron rice bowl" into a "porcelain rice bowl," and has allowed the exercise of macroeconomic control over total payrolls.

Of course, the practice of fixing the amount of wages for every 100 yuan worth of finished work under contract is becoming perfect step by step, and we do not mean it is flawless. For example, in adopting the practice enterprises tend to pursue higher output value and neglect the quality of their products. However, this tendency has drawn our attention in practice. Now, enterprises which adopt the practice are asked to tie the wages of their workers and staff to such economic and technological targets as the quality of projects, the completed area of projects, and profits obtained. This can help stop and guard against the tendency mentioned above. Meanwhile, some enterprises also tried the practice of signing contracts fixing the amount of wages to net output value. Theoretically, it seems that this practice is more scientific, but the results of experiments are not satisfactory. The main point being that it is very difficult to reckon net output value and determine a rational base figure for total payrolls. Under the present situation, the practice of fixing the amount of wages for every 100 yuan worth of finished work under contract adopted in the state-run building industry, is therefore believed to be a more effective measure.

The Practice of Fixing the Amount of Wages for Every 100 Yuan Worth of Finished Work Under Contract and Distribution According to Work Under Commodity Economy Conditions [subhead]

What is the theoretical basis for the practice of fixing the amount of wages for every 100 yuan worth of finished work under contract?

After several years of discussions, we have come to understand that the socialist economy is the planned commodity economy, and that economic reform is designed to straighten out the relations in all aspects according to the needs of the commodity economy in a bid to promote development of the commodity economy.

In accordance with the needs of the commodity economy, enterprises must be independent or relatively independent in commodity production and management. They must be independent accounting units which keep the initiative of management in their own hands and are responsible for their own profit and loss. The relationship between enterprises and the state, and the relationship among enterprises should be the commodity-money relationship. This has not been achieved yet but we are trying to achieve it through reform. With regard to the state-run building industry, their products have virtually not been regarded as commodities, but they are gradually changing into commodities. The building industry institutes the system of awarding contracts for projects by public bidding. In a certain sense, this is also an equal commodity-money relationship, which links the amount of completed work to profit, and provides equal competition. Therefore, I think the practice of fixing the amount of wages for every 100 yuan worth of finished work under contract will also enable the building industry to advance toward being independent or relatively independent in commodity production and management. This not only involves the question of the wage system but also that of establishing a commodity system.

With regard to the principle of distribution according to work, in the old economic structure of ownership by the whole people, enterprises could not play a major role in the distribution of wages because they were not treated as commodity producers and operators. The principle of distribution according to work was in fact implemented in the entire economy of ownership by the whole people, and the state distributed wages to workers and other employees in a unitary way. This meant that as long as a worker did the same amount of labor, no matter which enterprise he worked in, he could get the same pay. This is what we often call "the same amount of labor for the same pay" in the whole society. We failed to do so in practice but we did intend to do so in the past. In the past the wages of workers were not directly related to the economic performance of their enterprises, and this was decided by the former system in which the state monopolized everything, including wages distribution. The only thing is that such a method was divorced from the real level of our productive forces and was designed on an unrealistic basis. In consequence, the practice of "eating from the same big pot" prevailed, and in the relationships of enterprises to the state, and in those of workers and staff members to their enterprises, the advanced were attacked and the lazy were fed. This is why we should carry out reform. Reform is aimed at turning enterprises into commodity producers and operators based on independent accounting and responsibility for their own profit and loss, and directly linking wage scales to their economic performance. In such a way, enterprises have greater decision making power in distribution of wages. However, this makes it impossible to implement the principle of "the same approved of labor for the same pay" in the whole society, but only in enterprises.

There must be a disparity among enterprises in distribution of wages, thus the state should exercise macroeconomic control and readjustment over it.

This is one of the direct influences that the commodity economy has on the principle of distribution according to work. If we agree that the socialist economy is the commodity economy, the principle of distribution according to work can only be implemented in enterprises, and the wages of workers and staff members should be linked to the enterprise's economic performance. The practice of fixing the amount of wages for every 100 yuan worth of finished work under contract adopted in the building industry is in fact a form of tying the total payrolls of enterprises to their economic performance.

However, tying total payrolls to economic performance is substantially aimed at correctly handling the relationship between the state and enterprises in wages distribution. The practice itself does not belong to the category of distribution according to work, but is a prerequisite for enterprises in distributing wages to workers and other employees according to their work. This is because the relationship between enterprises and the state should be an equal relationship in the commodity economy. The state should treat enterprises as commodity producers and operators and not as laborers. The principle of distribution according to work is only applicable to enterprises or collectives in distributing wages to their laborers.

From a long-term point of view, or viewed from the needs of reform, the essence of fixing the amount of wages for every 100 yuan worth of finished work under contract, can also be regarded as a method by which the state can control the total payrolls of enterprises. At present the building industry enterprise's administrative departments actually perform two separate functions: one is the function of a state organ and the other is that of an enterprise. Therefore, the practice of fixing the amount of wages for every 100 yuan worth of finished work under contract not only has the implication that the state exercises macroeconomic control over the gross payrolls of enterprises, but also that the state distributes wages to workers and other enterprise employees. However, viewed from the objective of separating government and enterprise functions, such a situation will change eventually.

The Practice of Fixing the Amount of Wages for Every 100 Yuan Worth of Finished Work Under Contract Is an Interim Measure and Not the Ultimate Goal [subhead]

The practice of fixing the amount of wages for every 100 yuan worth of finished work under contract has proved a fairly good method of tying wages to economic performance in the building industry, and conforms to the features of the building industry. Although output value is not equal to, and cannot fully demonstrate, economic performance, to a great extent it reflects the enterprise's economic performance and social benefit, and is a relatively practical method at the present time. And such a

method can certainly become more perfect and rational provided it is supplemented with other relevant measures. Then, will the practice become a final pattern for the structural reform of the building industry? Or will it become an eternal principle for the building industry wage system?

No. The practice of fixing the amount of wages for every 100 yuan worth of finished work under contract is only a good interim pattern but it should not be taken as the ultimate target of reform.

From a long-term point of view, the main target of reforming the building industry should be aimed at separating government from enterprise functions, really establishing the status of the building industry as a producer and operator of the socialist commodity economy, and protecting the conditions for independent operations and decisionmaking power due to the building industry, which should act as an independent accounting unit and be responsible for its own profit and loss. Meanwhile, the building industry products should become commodities which can be exchanged and circulated in markets according to the law of value. Under such circumstances, the wage scale in the building industry is determined by enterprises themselves, workers' wages coming from their income, and the state only exercises necessary control and readjustment. Only by

doing so will the building industry be able to establish its position in the national economy and to strengthen itself in the continuous economic operations. However, such reform measures should be adopted in step with the entire economic reform, and should suit the needs of the development of the socialist commodity economy as a whole. At present this cannot be achieved. For this reason, the practice of fixing the amount of wages for every 100 yuan worth of finished work under contract is an interim reform pattern, but it will be difficult to change it in the near future.

At present the tasks of reforming the building industry are to: improve the practice of fixing the amount of wages for every 100 yuan worth of finished work under contract; carry out internal enterprise reform by focusing on the measure (including the introduction of the responsibility system at various levels and serious implementation of the principle of distribution according to work); institute a system of employing workers under contract; straighten out economic relations in different espects; and instill more vitality into enterprises. At the same time, we must not fail to create conditions for further opening up the building industry products market, perfect the system of public bidding, smash regional barriers and administrative interference, and improve the operational environment so as enable enterprises to compete with each other under relatively equal conditions.

# **East Region**

Fujian Secretary Urges Fighting Crimes OW011425 Fuzhou FUJIAN RIBAO in Chinese 23 Aug 87 p 1

[Excerpts] The Fujian Provincial Public Security Department held a meeting on 22 August to commend those personnel who had dealt telling blows at criminal activities. Comrade Chen Guangyi stressed that in doing public security work, we must clearly uphold the four cardinal principles and safeguard the political situation of stability and unity. [passage omitted]

Comrade Chen Guangyi emphasized: It is necessary to continue upholding the policy of dealing telling blows at crimes. [passage omitted] It is necessary to adopt effective measures to stop the increase of major criminal cases as soon as possible. It is particularly necessary to discover in time and crack down on those extremely pernicious cases which create a very bad impression, including rifle theft, causing of explosions, poisoning, and hijacking of planes and vessels. It is necessary to resolutely investigate and fight ugly phenomena in society and severely strike at the kindnapping of women and children; the sale, reproduction, and dissemination of pornographic items; and illegal publication activities. [passage omitted]

The Ministry of Public Security sent a congratulatory cable to the meeting. Chen Guangyi, Hu Hong, Cheng Xu, and Su Changpei came to extend their congratulations to the meeting. [passage omitted]

Shandong Congress Meeting Concludes SK020251 Jinan Shandong Provincial Service in Mandarin 2200 GMT 1 Sep 87

[Text] The 27th Standing Committee meeting of the 6th provincial People's Congress, after satisfactorily fulfilling its agenda, concluded in Jinan on the afternoon of I September. The meeting approved the methods adopted by Shandong Province to implement the PRC Fisheries Law, and the Shandong Provincial regulations on secondary vocational and technical education. It made and approved a resolution on the report on approving the fulfillment of the Shandong Provincial 1986 final accounts and the budget for the first half of 1987, a resolution on the report on adding reserve funds to the 1987 provincial-level finance, and a resolution on strengthening the traditional Chinese medical work. It also approved personnel changes.

The meeting held: In the first half of this year, the people throughout the province, under the leadership of party committees and governments at all levels, conscientiously implemented the guidelines of the national conference of provincial governors, and the resolutions of the fifth session of the sixth provincial People's Congress, deepened the campaign to increase production, practice economy, increase revenues, and reduce expenditures, and continuously intensified enterprise reform.

The fulfillment of the financial budget was good, with revenues increasing steadily and expenditures being brought under control. However, the task to achieve an annual balance in revenues and expenditures remains very arduous. Therefore, we should make strenuous efforts continuously.

The meeting urged: Governments at all levels and all trades and professions should further develop the campaign to increase production, practice economy, increase revenues, and reduce expenditures, intensify enterprise reform continuously, make great efforts to organize revenues, bring expenditures under strict control, strive to fulfill this year's financial task, and achieve a balance in revenues and expenditures.

The meeting pointed out: We should further enhance understanding of the importance in developing traditional Chinese medical work, and conscientiously strengthen leadership over it.

Xu Leijian, vice chairman of the provincial People's Congress Standing Committee, presided over the meeting. Attending were Chairman Li Zhen and Xiao Han, Zhang Zhusheng, Lin Ping, Lu Hong, and Xu Sen, vice chairmen of the provincial People's Congress Standing Committee.

The meeting decided to appoint Yu Peigao as secretary general of the Shandong Provincial People's Government, and to remove Ma Zhongchen from his concurrent post as secretary general of the Shandong Provincial People's Government.

Jiang Zemin on Shanghai Reform OW020621 Shanghai City Service in Mandarin 2200 GMT 1 Sep 87

[Summary from poor reception] Speaking at a forum sponsored by the Shanghai Municipal Office for Restructuring the Economic System on I September, Mayor Jiang Zemin urged the upholding of the four cardinal principles and persistance in conducting reforms, opening to the outside world, and invigorating the economy.

In his opinion, Shanghai should give ful play to its strong points: a relatively high technological level and the availability of competent personnel. "He said that, if Shanghai is to develop its economy and raise its economic benefits, it should not only continue to improve the management of its enterprises and the entire economy, but also rely on advances in science and technology, and on technological transformation."

In addition, he pointed out the need to reform Shanghai's productive structure with the goal of a high-technological and export-oriented economy.

"At the forum, (He Haosheng), director of the municipal office for restructuring the economic system, put forward four demands to be currently met regarding economic restructuring in the municipality: 1) to continue

to implement and improve various forms of responsibility systems, based on operational contracts, and develop the double-increase and double-economy campaign; 2) earnestly study and formulate a plan to accelerate reforms next year; 3) devote more efforts to theoretical studies and propaganda work, aimed at fostering public opinion; and 4) strengthen leadership over organizational work in conducting reforms."

# **Central-South Region**

Guangdong's Lin Ruo on Harmful Books HK011050 Guangzhou Guangdong Provincial Service in Mandarin 0300 GMT 31 Aug 87

[Excerpt] Lin Ruo, secretary of the provincial party committee, and comrades attending the provincial study class organized for city and prefectural party committee secretaries yesterday afternoon visited a Guangdong provincial exhibition on the achievements of public libraries in improving services and an internal exhibition on rectifying and reorganizing newspapers and periodicals. The exhibitions were held at the Zhongshan Library.

According to Comrade Lin Ruo, the achievements scored by the libraries, news media, and publishing houses in Guangdong are the main aspects of their work.

Comrade Lin Ruo added: However, there are quite a few problems in our social and cultural work such as newspapers, periodicals, and video products. We must pay attention to these ideological problems. In particular, pornographic books, periodicals, and video products that publicize obscenities and murders are just like spiritual opium and are poisoning the masses, our youngsters in particular. Our propaganda and cultural departments must arouse the people to jointly resist and boycott such harmful publications. [passage omitted]

Guangxi's Chen Huiguang at CYL Close HK020219 Nanning Guangxi Regional Service in Mandarin 1030 GMT 1 Sep 87

[Excerpts] The eighth regional CYL Congress concluded victoriously in Nanning yesterday afternoon. [passage omitted] Responsible comrades of the regional party committee, People's Congress Standing Committee, government, and military district including Chen Huiguang, Jin Baosheng, Wang Zhuguang, Zhong Feng, and Mao Guobin attended the closing ceremony.

The eighth regional CYL Committee held its first plenary session in the afternoon. The meeting elected the Standing Committee and the secretary and deputy secretaries. There are 10 Standing Committee members. Comrade (Qin Yanrui) was elected secretary, and (Chen Qixian), (Qin Yaowu), (Yang Caishou), (Zhao Guihua), and (Wang Shaoqun) were elected deputy secretaries.

Guangxi Meeting Hears Work Reports HK020217 Nanning Guangxi Regional Service in Mandarin 1030 GMT 1 Sep 87

[Excerpts] The 28th meeting of the 7th regional People's Congress Standing Committee was convened in Nanning today. Gan Ku, chairman of the committee, chaired the meeting. [passage omitted]

As commissioned by the regional government, He Bin, director of the regional Economics Commission, delivered a report on industrial production in the region. He said: Guangxi has maintained steady, balanced, coordinated, and all-round growth in industry and communications this year, and the development is good. Output value up to the end of July showed a rise of 19 percent compared with the same period last year. [passage omitted]

Comrade He Bin said that there will be marked contradictions between supply and demand of raw materials in the last 4 months of the year. He expressed the hope that the supply of raw materials urgently needed in industrial production will be firmed up well.

As commissioned by the regional government, Zhang Guangshan, vice chairman of the regional Agricultural Commission, reported on the situation in agricultural production. He said that the total crop sown area in the region in the first half of the year showed a slight increase over the same period last year. There has been some increase in production of grain, pigs, and aquatic products. The rural commodity economy has developed. In particular, rapid development has been recorded in secondary and tertiary industry. The peasants' income has risen steadily. [passage omitted]

# Southwest Region

RENMIN RIBAO on Sichuan Policy HK011116 Beijing RENMIN RIBAO in Chinese 25 Aug 87 p 1

[Dispatch from Chengdu by Luo Maocheng (5012 5399 1004): "Sichuan Province Pays Attention to Arousing the Enthusiasm of Intellectuals, Promoting Qualified Personnel to Leading Posts"]

[Text] Since the 3d Plenary Session of the 11th CPC Central Committee, in accordance with the plan drawn up by the central authorities, Sichuan Province has invested a great amount of human and material resources to implement the policy toward intellectuals and resolve historical issues in real earnest in groups and by stages. At the same time, the province has selected a large number of outstanding intellectuals who have withstood trials and appointed them to leading posts at various levels, thus creating a fine environment for bringing the role of intellectuals into full play and invigorating the province's economy.

According to statistics, during the 1950's, 1960's, and the turbulent period of the "Cultural Revolution," a total of more than 120,000 intellectuals, who accounted

for about 10 percent of the intellectuals in the province at that time, were wrongly condemned. In connection with the implementation of the policy toward intellectuals and the settlement of historical issues, many cases have had to be handled after the Third Plenary Session. The handling of these cases will take a long time and involve a great amount of difficult work as well as many departments. However, in order to implement the line laid down by the Third Plenary Session and to meet the need for qualified personnel arising from the four modernizations program, the Sichuan Provincial CPC Committee has always taken the implementation of the policy toward intellectuals and the resolution of historical issues as a major task. All localities and all departments have set up special leading bodies to undertake the implementation of the policy, made unremitting efforts to overcome "leftist" interference, and eliminated fear of difficulty to ensure smooth implementation of the policy. Meanwhile, a large number of cadres has been sent to different cities, prefectures, and autonomous prefectures throughout the province to carry out large-scale examination of the implementation of the policy in 5 successive years from 1982 onward, with a view to ensuring that the policy is implemented in a down-to-earth manner. This reexamination has effectively forwarded the implementation of the policy toward intellectuals. According to statistics gathered in late March this year, a total of 104,000 unjust, false, and wrong verdicts involving intellectuals have been reversed in the province, 604,000 personnel files have been sorted out, 8,525 pieces of personal effects confiscated during the "Cultural Revolution" have been returned to their owners, wages that were deducted or withheld during the "Cultural Revolution" totaling more than 12.72 million yuan have been paid back, and 1,782 private houses that were occupied by illegitimate tenants during the period have been returned to their legitimate owners.

On the other hand, party organizations and governments at all levels have earnestly implemented the party's policy toward intellectuals. A fine social mood characterized by respect for knowledge and talent has now developed throughout the province. Since the Third Plenary Session, more than 114,000 intellectuals in the province have joined the party, accounting for 31 percent of newly-joined party members during the period. The difficulty that intellectuals qualified for party membership faced in the past in joining the party has been basically resolved in the province. A large number of intellectuals who are in the prime of life and have great ability, political integrity, and good leadership skills have taken up leading posts at various and governmental leading bodies of 20 cities, prefectures, and autonomous prefectures of the province. As for 214 county (city or district) party and governmental leading bodies, college graduates account for 51.8 percent of their members. These well-educated leaders are now playing important roles in leading posts at different levels. Through "regrouping" and rational reassignment of qualified personnel, the situation in

which intellectuals could not apply their specialized knowledge to their work has been basically changed. More than 20,000 intellectuals who have been transferred to new posts are now giving full play to their abilities. At the same time, many intellectuals who have made outstanding contributions can now benefit from substantial improvement in welfare relating to medical service and housing.

The implementation of the policy toward intellectuals and the settlement of historical issues have set the minds of the vast number of intellectuals at ease; have further given play to their initiative in serving the country. working for the four modernizations, and reinvigorating the economy of Sichuan Province; and have effectively emancipated social productive forces. With respect to scientific and technological development, some remarkable achievements have been made. Since 1978, 3,822 projects launched in the province won awards for major scientific and technological progress and awards for scientific and technological results at and above the provincial level, of which 1,862 projects won awards issued by the state. Some scientific and technological results have even attained or surpassed the advanced standard of the world.

# ... rtheast Region

Quan Shuren at Liaoning CYL Congress SK020048 Shenyang Liaoning Provincial Service in Mandarin 2100 GMT 1 Sep 87

[Excerpt] The Eighth Liaoning Provincial CYL Congress opened at the Liaoning People's Theater in Shenyang City on 1 September. A total of 807 representatives attended the congress. With the will of 2.67 million CYL members of various nationalities on different fronts of the province, they gathered together to discuss the orientation and tasks of the province's CYL work in the foreseeable future.

Attending the congress were Quan Shuren, secretary of the provincial party committee; Dai Suli, chairman of the provincial Advisory Commission; Li Changchun, deputy secretary of the provincial party committee and governor of the province; and leading comrades, including Sun Qi, Chen Suzhi, LiulDongfan, Gao Zi, Wang Guangzhong, and Ma Longxiang. Comrade Li Huang, who have shown much concern for the growth of youths, also attended the congress. Bao Zhiqiang, secretary of the provincial CYL Committee, delivered a work report. [passage omitted]

# **Northwest Region**

Ningxia Secretary Meets Media Official HK020117 Yinchuan Ningxia Regional Service in Mandarin 2200 GMT 1 Sep 87

[Excerpts] On I September, Shen Daren, secretary of the regional party committe; and Hao Tingzao, deputy secretary, met Xie Wenqing, permanent vice-chairman of the Radio and Television News Association of China and editor of the China Radio and Television Yearbook. [passage omitted]

Shen Daren said during the meeting that Ningxia is an old revolutionary base, a minority-nationality region, and a remote and poor area. Its broadcasting undertakings [words indistinct]. We hope to

strengthen lateral ties with advanced provinces, municipalities, and autonomous regions, so as to speed up the development of broadcasting in Ningxia. [passage omitted]

**Defense Minister Greets Mainland Army** *OW020304 Taipei CNA in English 0242 GMT 2 Sep 87* 

[Text] Taipei, Sept. 2 (CNA) — Defense Minister Cheng Wei-yuan and Chief of the General Staff Gen. Hao Pei-tsun Tuesday urged all officers and addiers of the Chinese Communist Armed Forces to make joint efforts to root out Marxism-Leninism from the Chinese Regintiand so as to build a New China full of freedom and democracy.

Both Cheng and Hao made their calls in statements beamed to the Chinese mainland by the Central Broadcasting Station on the Eve of the ROC [Republic of China] Armed Forces Day, which falls on Sept. 3.

The mission for "This generation of Chinese officers and soldiers," Cheng said, is to glorify the "spirit of sacrifice and struggle for the national cause" that the Chinese Armed Forces demonstrated during the eight-year War of Resistance Against Japan and to rebuild China into a free, democratic, united and prosperous nation.

Cheng said that the ROC Government has successfully established a free and prosperous society on Taiwan by implementing the Three Principles of the People, thus providing an ideal blueprint for the future rebuilding of China.

Gen. Hao said that the Peiping regime, which has increased the backwardness of the mainland because its belief in "Marxism-Leninism, the socialist road, communist leadership and the dictatorship of the proletariat," will eventually be discarded by all people on the mainland.

Cheng and Hao unanimously urged the Communist Chinese Armed Forces to expel Communism from China and to dedicate themselves to the national cause of China's reunification under the Three Principles of the People.

Commentary on Mainland Power Struggle OW020553 Taipei International Service in English 0200 GMT 2 Sep 87

[Station commentary: "The Peking Power Grab"]

[Text] All is still not quiet on the Peking front as different factions of the Chinese Communist Party are still slugging it out, albeit out of public view, in the depths of Chung Nan Hai. As usual, Communist China watchers are working overtime to gauge and dissect every little hint that leaks out, hoping to determine which direction the Communist Party will most likely take at this October's party congress.

Within the Communist Party, there are two easily discernible factions. There are the so-called reformists, who side with Communist China's current paramount leader, Teng Hsiao-ping, and the so-called conservatives, or Maoist hardliners, represented by the likes of Chen Yun, Li Hsian-nian and Peng Chen, and their protege Li Peng. Reformists who back Teng count acting Communist Party chief Chao Tzu-yang, Hu Yao-pang, and Wan Li among their ranks.

The two factions have been jockeying for supremacy in the party since last December, when student demonstrations forced the in-power reformists to concede that things were getting out of hand, a realization that led to a crackdown on what the conservatives call Western bourgeois or liberal ideas. The demonstrators had actually come out in support of the reform faction, and were asking for more political reforms to go along with Teng's economic reform program. But the demonstrations backfired and created an opening for the Maoist hardliners to make a comeback in party affairs. The behind-the-scenes inflighting culminated with the startling news that Hu Yao-pang, then the party chief and Teng Hsiao-ping's closest protege in the ruling Political Bureau, would be the sacrificial scapegoat. Hu was dismissed from his leadership post but remained on the powerful 5-member Standing Committee in the Political Bureau. His fall from grace, however, amounted to a major loss of face for Teng Hsiao-ping, causing many to doubt that he still has a firm grip on the party.

Now Peking is reporting that Teng is trying to get elders of both factions to step down this October to make way for a younger generation of leaders. Teng, who is 83, has said that he wants to retire, but younger officials have asked him to stay on. Odds are that he will indeed step down this fall, however. Meanwhile, Teng is doing all he can to convince other party elders to step down with him. These include conservative strongmen Chen Yun and President Li Hsien-nian, both of whom are also in their eighties.

The rumor mill in Peking has it that Chao Tzu-yang, himself 67, will be confirmed as premier, while the conservative Li Peng is slated to take over the top party post. It is also said that Hu Yao-pang will not fade from the scene entirely, but will be given the largely ceremonial post as head of the political Consultative Council, now headed by the late Chou En-lai's wife, Teng Ying-chiao.

The outcome of the leadership musical chairs in Peking will have important repercussions for years to come. If Teng succeeds in getting the party elders to step down, the reformist faction may prevail in October. Otherwise, the door will still be wide open for a return to Maoism. Only a handful of Chinese want that to happen, but it just so happens they are the totalitarian bunch only a chair or two away from power in Peking.

Fairer U.S. Trade Policies Urged OW010333 Taipei International Service in English 0200 GMT 29 Aug 87

[Station commentary: "Lobbying for Fair Trade"]

[Text] A rew private civic organization, quote, Committee for the Promotion of Sino-American Fair Trade, unquote, which was formed here in Taipei a few weeks ago, decided at a board meeting on Wednesday to send a lobbying mission to Washington in September or early October. The committee's immediate goal is to dissuade

the U.S. Congress from passing new trade legislation that would be harmful to the economic interests of the Republic of China [ROC] on Taiwan and harmful to ROC-USA trade in general.

The meeting was chaired by national legislator Chao Shao-kang, a member of the majority party who has recently made trade issues his parliamentary calling card. Chao also stressed at the meeting that the new lobbying group will focus attention on dissuading the U.S. Government from putting any more pressure on the ROC to appreciate its currency further. In this regard, the committee is looking out for the interests of its founding members, which include industrial and commercial associations that have been hit hard by the Taiwan dollar's 25-percent appreciation over the past year and a half.

In a display of objectivity, the fair trade committee also sent a letter to President Chaiang Ching-kuo, outlining the areas in which they feel the ROC on Taiwan itself may be to blame for problems in Sino-American trade. The letter listed high local tariffs, import restrictions, poor labor rights protection, lack of public investment, and poorly planned schedules for economic and trade liberalization. Chao said these persistent problems indicate that the policy direction of the highest authorities in the ROC is not being carried out well on the administrative level. For the ROC to have a stronger case in dealing with the Americans, Chao said these shortcomings must be dealt with immediately.

At the same time, however, the committee sent a letter to U.S. President Ronald Reagan, directly informing him of the things the ROC Government has been doing to alleviate problems in ROC-USA trade relations. The letter also reminded President Reagan that as much as 75 percent of ROC exports to the U.S. are American brand name products. After appreciaiton of the Taiwan dollar, sales prices of these products have risen drastically, causing many of the American manufactures to consider shifting their production to other countries to cut costs. The letter asserts that hurting Taiwan's economy in this way does nothing to alleviate the U.S. trade imbalance overall. It gives people the false impression that some good has been achieved, when in fact the U.S. will be no better off than it was before, while the ROC's economy may be left in ruins.

None of this strikes people here as either fair or intelligent trade policy, which explains why the fair trade committee here is getting into full swing to lobby in Washington. The U.S. Congress will convene in early September to begin work on the trade bill, and the ROC fair trade committee hopes to convince the Americans that enough damage has been done already to the ROC on Taiwan without achieving the desired result of correcting the trade imbalance. The focus will be on getting the Americans to give fairer policies a shot and drop those that amount to cutting off the nose of ROC-USA trade relations to spite the face of these relations.

# **Hong Kong**

# **XINHUA Head on Hong Kong Future**

'Text of Speech'

HK020741 Hong Kong SOUTH CHINA MORNING POST in English 2 Sep 87 p 6

["Full text" of speech by Xu Jiatun, director of the Hong Kong branch of XINHUA, at the preparations for the celebration of the 38th Chinese National Day at the Chinese General Chamber of Commerce on 1 September]

[Text] Ladies and gentlemen.

The National Day Celebration preparatory committee is formed every year by Hong Kong people coming from different walks of life to organise various activities to celebrate the National Day.

Through these activities, Hong Kong compatriots have expressed their passion and aspirations toward their motherland.

Patriotism is a sacred conviction and an admirable sentiment. Love for one's mother country is deemed the highest form of morality in all civilised countries in the world.

We the Chinese People have a splendid 5,000 years of history, we have an enormous 9.6 million square kilometres of land, and we have 1 billion people who are laborious and brave. The patriotism of our nationals is evermore stronger, encompassing and steadfast.

How many heroes there were in our history who had, for the cause of fighting invaders and saving the country and the people, braved their lives in battles.

They will be missed for ever. Thanks to these heroes, patriotism has become an indispensable part of the Chinese culture deeply rooted in the people's hearts.

Even for those overseas compatriots, they are always mindful of the welfare of the motherland while living abroad.

When the mother country is under foreign attack, they stand on our side and throw in their support.

When the mother country faces difficulties, they show their heartfelt concern.

When the mother country prospers, they are pleased and will like to see more progress.

They share the same breath with the mother country, and they feel the feelings of the mother country. It is this passion that has held all Chinese people together, no matter where they are, and has united the Chinese people as one.

The growth in power of the nation and the coherence of the people are the major reasons to [as published] our unprecedented international status and influence. As everybody knows, the problem of Hong Kong has been solved with an agreement reached with the British Government after friendly negotiations guided by the principle of "one country, two systems".

China's aspiration to unify the country and the Hong Kong people's patriotism has formed the basis of the agreement.

Hong Kong has been separated from her motherland for almost one-and-a-half centuries, but the passage of time, the distance between people, and the difference in ideologies has not eroded the sincerity of Hong Kong compatriots toward their motherland.

Since the Hong Kong question was put on the agenda, people from different walks of life, disregarding their difference in political beliefs, value orientations, and personal ideals, all held that the mother country's restoration of sovereignty over Hong Kong and the incorporation of Hong Kong back to the mother country was a natural and obvious a historical conclusion as the sun and moon hanging in the air.

This identification with the mother country and this wish to revert to the motherland have formed the main stream of public opinions, and have served to support the friendly talks between the Chinese and British Governments.

The success of the talks resulted in the signing of the Sino-British Joint Declaration. Hong Kong compatriots trust the mother country, the mother country trusts the Hong Kong compatriots.

The rationale to stipulating a high degree of autonomy and the policy of "Hong Kong people ruling Hong Kong" in the future Special Administrative Region [SAR] is the confidence the Chinese Government has in the Hong Kong compatriots that they have a strong desire to unify with their country, and they have the wisdom and ability to rule Hong Kong well.

Since the official signing of the Sino-British Joint Declaration, Hong Kong has entered a transitional period.

Hong Kong is able to maintain its prosperity and stability with flourishing development of its economy because that — the rest of the world took an appreciative and positive attitude towards the "one country two systems" concept initiated by the Chinese Government.

Chinese and Britain have strengthened their co-operation by a commitment to maintain Hong Kong's longstanding prosperity and stability.

China's reforming and open door policies have resulted in better utilisation of Hong Kong's privileges regarding its geography, economy and human resources; and Hong Kong people have paid tremendous efforts at various aspects, particularly with their ability to grasp the new situation emerging in and beyond China. During that time, Hong Kong has also carried out extensive exchange with the mainland on economy, culture, education, arts, science and technology. Hong Kong compatriots have strengthened understanding on the mainland resulting in closer ties with the mainland and more concern with its developments.

We thank Hong Kong compatriots for their contribution to the mainland on economic construction, cultural and educational developments, their supports for China's reform and open door policies and their criticism on the mainland's mistakes as well.

Since the Third Plenary Session of the CCP's 11th Central Committee, people of the whole nation have been heading firmly for the great goal of Socialist modernisation thus opening up a new historical era since the founding of the People's Republic of China. Our achievements in the last nine years were remarkable although there were some mistakes in our works and with confusion and backwardness still existed in some areas.

With the ultimate goal of serving the people and enriching the Chinese nation, the CCP and the Chinese Government will give the national interest top priority.

We will work hard in turning our nation into an affluent, democratic, civilised and yet modernised socialist country by — utilising intelligence of the people, receiving people's supervision, persisting in reforms and its opening up and ensuring its stability and advancement.

With the 13th National Congress of the CCP ready to open, I believe a positive answer will be offered to those who are concerned with the mainland's stability and reforms.

Hong Kong is facing many new problems after moving into the transitional period. While maintaining stability and prosperity, we have to draw up a blueprint for the future special administrative region and create a conducive environment for (implementing the principle of) the Hong Kong people ruling Hong Kong.

Though far from perfect, we all agree Hong Kong in the past decades has been successful in a number of areas. Because of this, we like many who cherished this "Pearl of the Orient," should learn from the past with farsightedness, caution and gradual pace in charting its future development.

There is no second goal, but to create the necessary conditions to face up [as published] the more attractive future development while maintaining Hong Kong's existing characteristics and strengths and avoiding chaos to societal growth and social life.

A society has to move forward. We should not allow any turbulence, divisions and confrontations but to strive for a healthy way to move forward. Hong Kong compatriots and people should comprehend this feeling.

There has been debate in the society recently. The debate, I am convinced, is an investigation on the development (of Hong Kong) in the transition and for the future SAR under the premises of mutual recognitions of the Joint Declaration; mutual goal for the maintenance of stability and prosperity; and mutual pursuit for democratic development.

The premises are shared by the absolute majority of people involved in the debate. Because of the mutual general premises and goal, the debate should see rational thinking and analysis; rational arguments and rational selection of choices.

People joining the debate should have mutual respect; mutual trust and mutual illumination towards each other. They should have a character of generosity and having farsightedness; a clear mind in determination and caution in thinking.

It is unfortunate that there are (people) building (their) political influence; appearance of conflicting camps; odds between one individual and another; confrontations between one group and another as a result of the debate.

I am convinced that this is not what knowledgeable people here wish to see. Of the people involved in the debate, some are (my) old friends and some I have long admired but never met. I believe they will face up to this issue (debate) sensibly and rationally because of their intellect and reputations.

Hong Kong is an international city comprising people from different walks of life. One of the major policies of our Government towards Hong Kong is to look after the interests of people from different sectors and walks of life.

The future Hong Kong should [be] a civilised, democratic, progressive and harmonious capitalist society. We strive for growth in (the pursuit of) democracy and development in (the pursuit of) harmony.

I often read newspapers. I feel sad when I find wordings of certain camps and political forces in the articles. This does not mean the wordings are untrue. Nor the fact that division of political ideas do not exist in real life.

But under the premises of the achievement of the unification of the motherland and the building and prospering of Hong Kong, I do believe there should be mutual accommodations and compromise; seeking consensus and accommodating differences; bridging of differences; boosting of consensus; peaceful consultation and existence among (people holding) different views.

To unify the motherland and maintain the prosperity and stability of the territory is the wish of all Chinese people and the dual task of the 5.6 million people in Hong Kong.

There is a Chinese idiom saying: "Living together to share the Heaven and Earth." No matter what classes or what cliques they belong to, people should see themselves as the master of Hong Kong now and with hand in hand to co-operate and consult each other to step forward.

#### Thanks!

Reaction, Background

HK020745 Hong Kong SOUTH CHINA MORNING POST in English 2 Sep 87 p 2

[By Terry Cheng and Stanley Leung]

[Excerpts] A strong but veiled warning against divisiveness and confrontation during the 10-year transition to 1997 was issued by the director of the Hong Kong branch of the New China News Agency, Mr Xu Jiatun, yesterday. [passage omitted]

Mr Xu's speech, one of the most authoritative he has given to date, was delivered at a meeting preparing for the celebration of the People's Republic's national day. The meeting was organised by a preparatory committee and has been traditionally attended by a senior representative from the New China News Agency.

However, this was the first occasion that a major speech on Hong Kong's future had been delivered by China's representative.

Although Mr Xu made no direct reference to the direct election issue in the Green Paper or drafting of the Basic Law for the Special Administrative Region, it was clear he was speaking about quarrels that have developed over the two issues.

Although Mr Xu did not name those who he said were divisive, observers said it was almost certain he had two major controversial members of the drafting committee, lawyer Mr Martin Lee and educationist Mr Szeto Wah, in mind.

The timing of Mr Xu's speech was hardly coincidental, observers said.

It came just a few days after Mr Xu returned from a plenary session of the Basic Law Drafting Committee in Beijing where drafters were apparently divided on the future shape of the territory's political setup, and also the sequence of tackling key political issues.

At that meeting, several drafters, including the co-convener of the political sub-group, Mr Xiao Weiyun and local drafters, Ms Maria Tam and Mr Simon Li, denied charges made earlier by Mr Martin Lee that the group was "ducking political discussions".

The drafting committee's deputy secretary-general, Mr Lu Ping, even cautioned drafters against airing their grievances in public.

The conflict among drafters came to a head during a political sub-group meeting in Guangzhou early last month, when Mr Lee accused the sub-group of delaying discussions on the selection of the chief executive and legislators. the dispute ended with a resolution to rebuke Mr Lee's criticism.

Mr Xu's warning has come within a month of the end of the consultation period for the Hong Kong Government Green Paper on political reforms.

Over the past few weeks, there has been increasing controversy over the date for direct elections, with liberal democrats stepping up pressure for elections next year — two years before the promulgation of the Basic Law by China.

Observers also noted that a fresh element emergeh in Mr Xu's speech on debate over Hong Kong's future.

Mr Xu highlighted patriotism in his speech. Again without spelling it out, mr Xu implied that those who create divisiveness and confrontation could be regarded as unpatriotic.

A core member of the Joint Committee for the Promotion of a Democratic Government, Mr Lee Wingtat, said he did not think Hong Kong had been polarised because of the current political debate.

He said people should not be too concerned that there had been conflicting views.

Mr Lee pointed out there was only disagreement over the timing of the introduction of direct elections.

"The issue at stake is that the majority is yet to speak out. We are just encouraging more people to voice their views," Mr Lee said.

He felt that Mr Xu was adopting a persuasive tone in his speech and this indicated China was taking a milder attitude but not a U-turn over its position in lobbying against direct elections next year.

"We stand by our demand to have direct elections next year. We are going to have a signature campaign and mass rallies. There has never been any change in our campaign," Mr Lee said.

Further Comment

HK020747 Hong Kong HONGKONG STANDARD
in English 2 Sep 87 p 6

[By Jackie Sam]

[Text] For the next few days Hong Kong will be abuzz with interpretations and speculations about Mr Xu Jiatun's latest pronouncement on current political trends here.

Some may be correct, others a little off the mark; some utterly negative or wild. Whatever conclusions Hong Kong people may come to, it is important first to understand the backdrop against which Mr Xu's remarks were made.

The public consultation process on the Green Paper proposals for political reforms is entering its final month. China's entry into this debate from the very start has not bolstered confidence in the future.

This was clearly not China's intention. There should not be any doubt about China's sincerity in wanting Hong Kong to carry on with its current lifestyle and its capitalist system whatever the imperfections.

But the practical effect of the blunt declaration by the deputy director of the Hong Kong and Macao Affairs Office, Mr Li Hou, that direct elections would be a breach of the Sino-British joint Declaration, was to convince many of the middle-class, especially the professionals, that it was time to migrate.

Mr Li Hou's subsequent retraction was unconvincing. As a damage control exercise it was a failure. It is likely that Beijing is only just beginning to realise the full extent of the jitters here and the damage that Hong Kong must suffer if the skills, the brains and they money continues to drain away.

Mr Li Hou's declaration helped in the polarisation of political views, to an extent never seen here before. The line was drawn at direct elections or the introduction of universal franchise next year.

In this debate, the left-wing organisations and the pro-China business lobby took a very hard line, insisting that direct elections cannot be introduced until the Basic Law, Hong Kong's post-1997 constitution, is drawn up by 1990.

Subsequent pronouncements by various Chinese leaders helped to convince others that Beijing means to run the territory its own way — regardless of promises in the Joint Declaration. China, in Mr Martin Lee's words, was reinterpreting the Joint Declaration for its own purposes.

Beijing appears now to be coming round to accepting that this is the impression it has been giving to Hong Kong people. And, perhaps, has come to the conclusion that a softer line might be more platable.

Mr Xu's remarks that confrontation has broken out and all the various groups ought to get together to narrow their differences and work out a consensus surprised everybody.

With the benefit of hindsight, perhaps we should have been it coming. In the last week or two, *Xinhua* officials have been contacting liberals at various levels.

Xinhua people will deny that they are involving themselves in local politics. But whatever they say cannot erase that firmly held view amongst liberals and others that Xinhua officials here call the shots as far as the left-wing organisations and the pro-China business lobby is concerned.

Perhaps aware of this, Mr Xu was putting into effect a communications programme before publicly suggesting it as he did yesterday. Mr Xu is not, after all, merely Beijing's top man here. He is also the director of the Xinhua branch here.

The paradox of the Hong Kong situation is that while there is a great deal of distrust about China's ultimate intentions and many are going ahead with preparations to leave for distant shores, there is also a growing sense of nationalism.

Many people fear communist rule, but they are also happy to see colonialism coming to an end. Its manifestations can be seen in irrationalities as an elderly man in the MTR [Mass Transit Railway] decrying the use of a tie ("gwailo nonsense") or the refusal to speak English.

There was a time when, at dinner, every-one would speak English if one man or woman at the table was a European. Today, it is not uncommon to find the nine speaking Chinese, leaving the European to fend for himself. Rude, perhaps, but nationalism is not always refined state of mind.

It is this growing sense of nationalism that Mr Xu has also turned to in trying to dampen the political fires set alight by the Green Paper.

The entire Chinese nation, one billion people, is cheering for reunification, continued stability and prosperity in Hong Kong, he says. No doubt about that even the Chinese spread across the globe by successive waves of invasion and strife through the centuries are rooting for it.

Hong Kong people of all shades of opinion must get together, work together as masters of the new Hong Kong. It is their duty. And if Hong Kong people don't or can't make it work, well, just too bad. Some will see an implied ohreat there. But Mr Xu probably didn't mean that.

Unfortunately, he made no mention of that heartburning issue: direct elections by next year.

Was that deliberate? Is China switching tactics without giving anything up? Or was it simply an oversight? Will there be another instalment from Mr Xu? Many here will be breathlessly waiting for that.

And just when we thought summer was getting so boring, too.

Cooperation With Fujian on Taiwan Visa HK020837 Hong Kong SOUTH CHINA MORNING POST in English 2 Sep 87 p 10

[By Stanley Leung and Terry Cheng]

[Text] Tourist authorities in China's Fujian province will meet Hong Kong officials to simplify visa procedures for Taiwanese tourists using the territory as a springboard to the mainland.

This was revealed yesterday by the general manager of the Hua Min Tourism Company, Mr Zhang Haisen, following an announcement on Sunday that Fujian was encouraging more Taiwanese tourists.

Hua Min, the local representative office of the Fujian Tourism Bureau, would liaise with the mainland China Travel Service to help Taiwanese visitors, he said.

Fujian is the mainland Chinese province closest to Taiwan.

Mr Zhang said officials were working on a program to make it easier for Taiwanese to arrange mainland visits from Hong Kong.

He said officials would discuss with Hong Kong immigration authorities ways to simplify the issuing of reentry visas to Taiwanese tourists who had round-trip tickets to Fujian.

Mr Zhang said his office would also have to liaise with the New China News Agency and China's visa office in Hong Kong.

Over the past year, Mr Zhang said there were only several thousand Taiwanese tourists to Fujian but he expected numbers to increase by as much as 200,000 next year.

Taiwanese visitors are now free to travel to any scenic spots in Fujian.

In recent weeks, more Taiwanese have been able to use Hong Kong as a meeting point after Taipei lifted a ban in July which restricted nationals from flying directly to Hong Kong.

In another development, Taipei has decided to lift a ban on residents visiting China.

Taiwan's United Daily News quoted Government sources yesterday as saying that Taipei's latest policy regarding visits to China would be "no encouragement, no assistance and no ban."

#### Macao

Workers Imported From PRC Considered HK020815 Hong Kong SOUTH CHINA MORNING POST in English 2 Sep 87 p 1

[By Olivia Sin]

[Text] The Macao Government is seriously considering importing workers, mainly from China, to solve a labour shortage problem.

Newly appointed Secretary for Economic Affairs, Mr Antonio Simoes, confirmed the move yesterday.

However, to control the imported workforce, he said it was likely that the workers would be admitted to the territory only during work hours and then ferried back home. Mr Simoes said Macao's population growth was not sufficient to support the territory's economic development.

"I think we have to admit the import of labour from somewhere," he said, adding that a significant number would naturally come from China.

Hong Kong is also experiencing a serious shortfall in the workforce, giving rise to suggestions that Chinese workers might be able to fill some jobs by establishing a so-called "industrial zone" near the border.

But this proposal has brought a sharp reaction from some employee representatives who have cautioned about the possible harmful effects on Hong Kong workers and the economy.

Mr Simoes made his comments after yesterday's opening ceremony of the international Textiles and Clothing Bureau Conference in Macao.

The bureau, comprising developing countries, is meeting in the Portuguese territory to hammer out proposals to fight the proposed U.S. protectionist trade and textile bills.

While stressing that the proposal to import labour was still under consideration, Mr Simoes said two criteria would be used to cover the workforce from outside.

He suggested a "frontier system" where labour imported would "live on the other side of the border and come to Macao in working hours".

Secondly, he said, the import labour should be given a decent and reasonable package to guard against exploitation.

Macao newspapers had earlier accused territory industrialists of inhumane treatment of Fujian workers in accommodating them in "cage-like" facilities after work.

The "Fujian workers incident" later forced the Government to impose a temporary freeze on importing labour from the province.

The chairman of the Macao Manufacturing Association, Mr Leung On, said he favoured the idea of hiring people from outside.

He said the territory, with a workforce of 800,000, was suffering from a shortfall of at least 20,000 people.

# END OF FICHE DATE FILMED Sept. 1981

